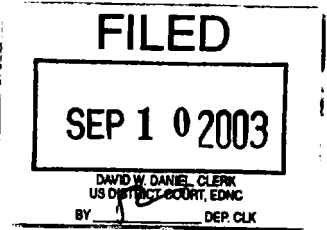


IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION



UNITED STATES OF AMERICA

v.

NORTH CAROLINA'S ORIGINAL
COPY OF THE BILL OF RIGHTS

No. 5:03-CV-204-BO

September 9, 2003

**OBJECTION TO PLAINTIFF'S MOTION TO DISMISS THE CLAIM OF
ROBERT MATTHEWS**

I. Summary of Objection

Without any supporting documentation, the plaintiff asserts that Matthews' had no ownership interest in the defendant, but rather had only a generalized ownership interest in the WPI company. In other words, the plaintiff seems to argue that Matthews is like a general unsecured creditor of a corporation from whom specific assets have been seized. This assertion, however, flies in the face of the verified statement of interest filed by Matthews, and his deposition testimony. Matthews Deposition attached as Exhibit A-1.

As set forth below, the purchase of the defendant was a joint venture between Pratt and Matthews. Both Pratt and Matthews traveled to Indiana to inspect the defendant, and both men agreed to pay for ½ of the purchase price. As had been there practice in the past in making purchases of antiques, Pratt was given the job of brokering the actual purchase and sale of the defendant, and it was their intent that subsequent to the sale of the defendant each would share in ½ the proceeds. While Matthews never

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physical possessed the defendant, he had a considerable financial stake in it—a stake now worth over \$15,000,000.00, if the plaintiff's estimates are correct.

II. The Legal Requirement of Standing

In a forfeiture case, there are two elements to standing: 1) statutory standing which is satisfied through the filing of a timely verified statement of interest; and 2) Article III standing through a showing that a justiciable controversy exists. See Baker v. Carr, 369 U.S. 186 (1962).

In the present case, the requirements of statutory standing have been met as demonstrated by the court record showing that a statement was filed by Matthews. The issue, then, is whether the Article III requirements have been fulfilled. The U.S. Supreme Court held that the fundamental inquiry under Article III is whether the party “alleged such a personal stake in the outcome of the controversy as to ensure that concrete adverseness which sharpens the presentation of issues upon which the court so largely depends for illumination of difficult constitutional questions.” Baker, 369 U.S. 186.

The hurdle for establishing standing is low. Courts have held that an allegation of ownership and some evidence of ownership are together sufficient to establish standing to contest a civil forfeiture. United States v. \$38,570, 950 F.2d. 1108, 1113 (5th Cir. 1992)(“a claimant is required to submit some additional evidence of ownership along with his claim in order to establish standing to contest the forfeiture”). “[T]he claimant

need not prove the full merits of her underlying claim. All that need to be shown is a facially colorable interest in the proceedings sufficient to satisfy the case and controversy requirement and prudential considerations defining and limiting the role of the court.” U.S. v. Emerson Street, 942 F.2d 74, 78 (1st Cir. 1991).

The standing inquiry is informed by whether “the interest sought to be protected by the complainant is within the zone of interests to be protected or regulated by the statute or constitutional guarantee in question.” ADP v. Camp, 397 U.S. 150, 153 (1970). “The legislative history of forfeiture law indicates that a rather expansive zone of interests are protected by the innocent owner provision. See 21 USC Section 881(a)(6).... The Congressional record indicates that Congress intended this provision to “be broadly interpreted to include any person with a recognizable legal or equitable interest in the property seized. Joint Explanatory Statement of Titles II and III, 95th Cong., 2d Sess. (1978).” US v. \$81,000, 189 F.3d 28, 34 (1999).

Unlike this case, the usual target of a standing challenge is a “straw owner”. A straw owner is someone who can demonstrate legal title, but in reality merely holds title to the property for somebody else. Such owners do not themselves suffer an injury sufficient to satisfy Article III. See USA v. 500 Delaware Street, 113 F.3d 310, 312 (2d Cir. 1997). On the other hand, as in this case, where a party can demonstrate an actual financial interest in property, a justiciable controversy exists. Bastek v. Federal Crop Insurance, 145 F.3d 90, 92 n.1 (2d Cir), cert. denied, 142 L.Ed 2d 448 (1998); See also

U.S.A.v. Cambio Exacta, 166 F3d 522 (1999)(economic injury is “plainly the type of injury for which parties may seek redress in federal court”).

With respect to personal property, the question of ownership, when challenged, is always a mixed question of law and fact. Bullman v. Edney, 232 N.C. 465 (1950). It is also “a well settled principle that where, on the purchase of property, the conveyance of legal estate is taken in the name of one person, but the purchase money is paid by another at the same time or previously, and as part of one transaction, a trust results in favor of him who supplies the purchase money. Bullman, 234 N.C. at 467 (citing Beam v. Bridgers, 108 N.C. 276). In Bullman, the Court held that one who provides the purchase money for personal property may bring an action against another who tries to convert the property, even if that property is held in the name of another.

III. Matthews Has Standing Through His Financial Stake In The Defendant

Matthews is hardly a straw owner, or an unsecured creditor of WPI. Like the plaintiff in Bullman, Mathews provided the purchase money for the defendant and should have the right to challenge any conversion or forfeiture of it.

As is set forth in the attached deposition, Matthews inspected the defendant prior to purchase and invested \$100,000 in the purchase. If the defendant is forfeited, he loses at the very least his \$100,000 investment without recourse to any other party. Moreover, Matthews had a defined 50% interest in the proceeds of any sale. Given this interest, he has more than \$15,000,000 at stake if the item is returned to him.

While it is true that Matthews never signed any purchase/sale agreements, this was standard joint venture practice between him and Pratt. Moreover, these types of items would only be indirect evidence of his financial stake. The direct issue re: standing is whether Matthews has something to lose if the defendant is not returned. Based on Matthews direct testimony, he clearly has a large amount to lose. The lack of purchase and sale agreements, and personal possession of the defendant do nothing to lessen Matthews' economic stake in the defendant.

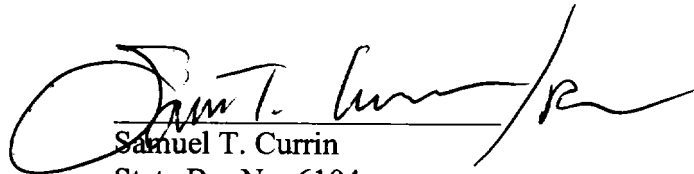
Finally, the dismissal of this case on the basis of Matthews' lack of standing would raise grave due process concerns. The forfeiture laws give the government enormous powers, and as such the courts should be extremely careful to provide true due process of law as was Congresses' intent as set forth above.

Wherefore there motion to dismiss should be denied.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Michael A. Stratton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael A. Stratton
Stratton Faxon
59 Elm Street
New Haven, CT
(203) 624-9500 P
(203) 624-9100 F

A handwritten signature in black ink, appearing to read "Sam T. Currin", with a large, stylized flourish extending from the end of the signature.

Samuel T. Currin
State Bar No. 6104
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Raleigh, NC 27601
Tel: (919) 833-0888
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Local Rule Counsel

CERTIFICATE OF SERVICE

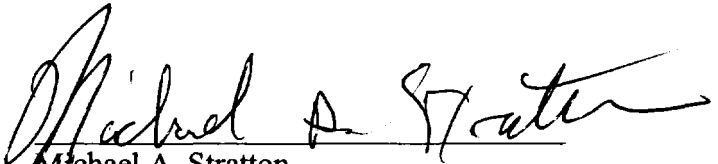
I hereby certify that on this day I have served a copy of the foregoing
Memorandum and Motion in the above captioned action upon counsel for all parties by
facsimile to the following addresses:

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Michael A. Stratton

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
WESTERN DIVISION**

Case No.: 5:03-CV-204-BO

UNITED STATES OF AMERICA,

Plaintiff,

v.

**NORTH CAROLINA'S ORIGINAL
COPY OF THE BILL OF RIGHTS,**

Defendant.

.....

DEPOSITION

OF

ROBERT VIRES MATTHEWS

RALEIGH, NORTH CAROLINA

CAROLYN Y. HALL & ASSOCIATES

SEPTEMBER 4, 2003 - 3:01 P.M.

REPORTED BY: KIMBERLY L. CRAWFORD

CAROLYN Y. HALL & ASSOCIATES

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11108 BREMERTON COURT
RALEIGH, NORTH CAROLINA 27613-6800

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CAROLYN Y. HALL & ASSOCIATES

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59 ELM STREET
NEW HAVEN, CONNECTICUT 06510
DATED JUNE 2, 1999, PAYABLE TO
WAYNE PRATT, INC., 346 MAIN
STREET, SOUTH, WOODBURY, CT 06798
FOR \$150,000.00
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CAROLYN Y. HALL & ASSOCIATES

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CAROLYN Y. HALL & ASSOCIATES

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CAROLYN Y. HALL & ASSOCIATES

2003, FROM JOHN L. RICHARDSON OF
CRISPIN & BRENNER, P.L.L.C., COUNSEL
FOR WAYNE E. PRATT, ACKNOWLEDGING
RECEIPT OF \$4,000,000 FROM NATIONAL
CONSTITUTION CENTER AS PAYMENT FOR
ORIGINAL AND AUTHENTIC MANUSCRIPT
OF THE BILL OF RIGHTS
(1 PAGE)

CAROLYN Y. HALL & ASSOCIATES

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CAROLYN Y. HALL & ASSOCIATES

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AGAINST SELLER BY OR ON BEHALF OF
MESSRS. PETER TILLOU, WILLIAM REESE
OR SETH KALLER OF OTHER GOVERNMENTAL
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CAROLYN Y. HALL & ASSOCIATES

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~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

SIGNATURE PAGE FOR DEPONENT

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CERTIFICATE

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CAROLYN Y. HALL & ASSOCIATES

STIPULATIONS

IT IS HEREBY STIPULATED AND AGREED BETWEEN THE PARTIES TO THIS ACTION:

(1) ON MOTION OF COUNSEL FOR THE PLAINTIFF, UNITED STATES OF AMERICA, THE DEPOSITION OF ROBERT VIRES MATTHEWS MAY BE TAKEN BEGINNING AT OR AROUND 3:01 P.M. ON SEPTEMBER 4, 2003, AT THE OFFICES OF THE UNITED STATES ATTORNEY FOR THE EASTERN DISTRICT OF NORTH CAROLINA, THIRD FLOOR CONFERENCE ROOM, TERRY SANFORD FEDERAL BUILDING, 310 NEW BERN AVENUE, RALEIGH, NORTH CAROLINA, BEFORE KIMBERLY L. CRAWFORD, A NOTARY PUBLIC.

(2) SAID DEPOSITION SHALL BE TAKEN FOR THE PURPOSE OF DISCOVERY OR FOR USE AS EVIDENCE IN THIS ACTION, OR FOR BOTH PURPOSES, OR FOR ANY OTHER PURPOSE PERMITTED BY THE FEDERAL RULES OF CIVIL PROCEDURE.

(3) ANY OBJECTION OF ANY PARTY HERETO AS TO NOTICE OF THE TAKING OF SAID DEPOSITION OR AS TO THE TIME OR PLACE THEREOF, OR AS TO THE COMPETENCY OF THE PERSON BEFORE WHOM THE SAME SHALL BE TAKEN, ARE HEREBY WAIVED.

(4) THE FEDERAL RULES OF CIVIL PROCEDURE SHALL CONTROL THE TAKING OF SAID DEPOSITION AND THE USE THEREOF IN COURT.

(5) OBJECTIONS TO QUESTIONS AND MOTIONS TO STRIKE ANSWERS NEED NOT BE MADE DURING THE TAKING OF THIS DEPOSITION, BUT MAY BE MADE

CAROLYN Y. HALL & ASSOCIATES

FOR THE FIRST TIME DURING THE PROGRESS OF THE TRIAL OF THIS CASE, OR AT ANY PRETRIAL HEARING HELD BEFORE ANY FEDERAL COURT JUDGE FOR THE PURPOSE OF RULING THEREON, OR AT ANY OTHER HEARING OF SAID CASE AT WHICH SAID DEPOSITION MIGHT BE USED, EXCEPT THAT AN OBJECTION AS TO THE FORM OF A QUESTION MUST BE MADE AT THE TIME SUCH QUESTION IS ASKED OR OBJECTION IS WAIVED AS TO THE FORM OF THE QUESTION.

(6) THAT THE SIGNATURE OF THE WITNESS TO THE TRANSCRIPT OF HIS TESTIMONY IS HEREBY REQUIRED.

(7) EXCEPT AS WAIVED BY THESE STIPULATIONS, THE PROVISIONS OF THE FEDERAL RULES OF CIVIL PROCEDURE SHALL APPLY TO THE TAKING OF SAID DEPOSITION AND AS TO ITS SUBMISSION TO THE RESPECTIVE DEPONENT, CERTIFICATION, AND FILING WITH THE APPROPRIATE NOTICING ATTORNEY.

CAROLYN Y. HALL & ASSOCIATES

WHEREUPON,

ROBERT VIRES MATTHEWS,

HAVING FIRST BEEN DULY AFFIRMED,

WAS EXAMINED AND TESTIFIED AS

FOLLOWS:

MR. STRATTON: WE ARE PROCEEDING TODAY PURSUANT TO THE FEDERAL RULES OF CIVIL PROCEDURE, AND WE WILL ALLOW ANY QUESTIONS TO BE ASKED OF MR. MATTHEWS AS LONG AS THEY ARE LIMITED TO THE ISSUE OF JURISDICTION WHICH IS PRESENTLY IN FRONT OF THE COURT.

MR. GALVIN: I HAVE A QUESTION ABOUT THAT LIMITATION. IS THE LIMITATION PURSUANT TO THE COURT'S ORDER THAT WAS ISSUED LAST WEEK?

MR. STRATTON: YES.

MR. GALVIN: THE COURT'S ORDER INDICATES THAT THE SCOPE OF THE SEPTEMBER 11TH HEARING BE BROADER THAN JURISDICTION.

MR. STRATTON: WELL, I DON'T THINK SO.

MR. GALVIN: IT INDICATES THAT IT WILL ADDRESS OTHER ISSUES THAT ARE - THAT HAVE BEEN RAISED BY THE PARTIES PRIOR TO THE HEARING.

MR. STRATTON: HE SAID IT WILL ADDRESS ALL ISSUES WHICH - THAT ALL ISSUES WHICH ADDRESS THE THRESHOLD QUESTION OF JURISDICTION.

MR. GALVIN: DO WE HAVE A COPY OF THE--

MR. NEWBY: I'LL GO GET IT.

MR. GALVIN: THANK YOU.

MR. NEWBY: GO OFF THE RECORD.

(THEREUPON, A BREAK WAS TAKEN

FROM 3:05 P.M. TO 3:08 P.M.)

(THEREUPON, THERE WAS AN

OFF-THE-RECORD DISCUSSION

WHICH WAS NOT REPORTED

BY THE COURT REPORTER.)

MR. STRATTON: I JUST WANTED TO POINT OUT FOR THE RECORD THAT

WE'RE GOING TO ALLOW ANY QUESTIONS TO BE ASKED OF

MR. MATTHEWS AS LONG AS THEY ARE PERTINENT TO JUDGE BOYLE'S

AUGUST 29, 2003, ORDER WHICH SAYS THAT THE ISSUES THAT ARE

GOING TO BE ADDRESSED AT THE HEARING WILL INCLUDE ANY

THRESHOLD JURISDICTIONAL ISSUES BROUGHT FORWARD BY THE

PARTIES. AND I THINK THAT THE ISSUE STANDING IS WITHIN-- IS A

JURISDICTIONAL ISSUE, AND CERTAINLY THAT IS SOMETHING THAT --

WHICH CAN BE INQUIRED INTO.

MR. GALVIN: WITH THAT CLARIFICATION, I'M FINE WITH THIS.

MR. STRATTON: OKAY.

MR. NEWBY: MR. MATTHEWS, MY NAME IS PAUL NEWBY. I'M AN

ASSISTANT UNITED STATES ATTORNEY. WE'RE HERE TO TAKE YOUR
DEPOSITION. IS THERE ANY REASON THAT YOU KNOW WE SHOULDN'T GO
FORWARD AT THIS TIME?

WITNESS: NOT THAT I KNOW OF.

MR. NEWBY: MR. MATTHEWS, I'M GOING TO ASK YOU A SERIES OF
QUESTIONS. IF YOU ANSWER THOSE QUESTIONS, I WILL ASSUME THAT
YOU UNDERSTOOD THEM. IS THAT FAIR?

WITNESS: THAT SEEMS FAIR TO ME.

MR. NEWBY: OKAY. IF YOU DON'T UNDERSTAND A QUESTION, PLEASE
TELL ME, AND I'LL REPHRASE IT.

WITNESS: OKAY.

DIRECT EXAMINATION BY MR. NEWBY:

Q NOW, HAVE YOU EVER GIVEN A DEPOSITION BEFORE?

A I JUST DID A GRAND JURY DEPOSITION, KIND OF--

Q BUT YOU'VE NEVER GIVEN A DEPOSITION--

A --AND I'VE DONE A--

Q --IN A CIVIL CASE?

A --DEPOSITION, I THINK -- OH, ONCE IN A -- YES. I DID ONE ONCE ON

A LAWSUIT.

Q OKAY. SO, YOU'RE SOMEWHAT FAMILIAR WITH THIS PROCESS

THEN?

A YES.

1 Q JUST STATE YOUR NAME AND ADDRESS FOR THE RECORD,
2 PLEASE

3 A IT'S ROBERT VIREN MATTHEWS, 115 LOWER CHURCHILL ROAD,
4 AND THAT'S WASHINGTON DEPOT, CONNECTICUT.

5 Q AND WHAT DO YOU DO FOR A LIVING, MR. MATTHEWS?

6 A I HAVE A FEW COMPANIES, ONE OF WHICH IS MATTHEWS
7 VENTURES HOLDINGS, AND I AM A - I DO INVESTING. MY PRIMARY BUSINESS IS
8 REAL ESTATE. I HAVE A CONSTRUCTION COMPANY. I HAVE A SOFTWARE
9 COMPANY DOWN IN FLORIDA IN TIME AND ATTENDANCE - SORT OF AN
10 ENTREPRENEUR.

11 Q NOW, WHEN DID YOU FIRST LEARN ABOUT THE DOCUMENT THAT'S
12 THE DEFENDANT IN THIS CASE?

13 A I GUESS I SHOULD JUST STATE FOR THE RECORD, BECAUSE I
14 THINK IT'S IMPORTANT THAT YOU GUYS UNDERSTAND, THAT I WAS ILL FOUR
15 YEARS AGO, TODAY IN FACT, AND WAS IN A COMA AND IN MASS GENERAL FOR
16 FORTY-FIVE DAYS AND WAS OUT OF WORK FOR ABOUT EIGHT AND A HALF
17 MONTHS. AND, THANKFULLY, I HAD OPEN LUNG SURGERY, AND I WAS IN A
18 WHEELCHAIR AND ON OXYGEN AND ALL THAT FUN STUFF; LOST ABOUT FIFTY
19 POUNDS. AND, SO, IT'S AFFECTED MY MEMORY, SO SOME OF THE THINGS I'M
20 GOING TO SAY I'M NOT REALLY SURE. I REALLY JUST AM NOT SURE, JUST SO
21 YOU UNDERSTAND THAT.

22 WITH THAT STATED, I THINK THE FIRST TIME I HEARD ABOUT IT WAS

SOMETIME '96, '97 - SOMETIME BEFORE WAYNE AND I ACTUALLY PURCHASED IT.
I HAD HEARD ABOUT WAYNE WORKING WITH A GENTLEMAN BY THE NAME OF
JOHN RICHARDSON.

Q OKAY. AND WHAT HAD YOU LEARNED AT THAT POINT?

A I - I THINK I KNEW AT THAT POINT THAT THEY THOUGHT IT WAS
EITHER PENNSYLVANIA'S, NEW YORK'S - THERE WAS A STORY ABOUT A GUY IN
UPSTATE NEW YORK, OR UPSTATE VERMONT, THAT IT MIGHT HAVE - THAT THIS
PARTICULAR ONE MIGHT HAVE RUN THROUGH THAT FAMILY. AND THE THIRD ONE
WAS THAT IT WAS NORTH CAROLINA'S BILL OF RIGHTS, AND WAS - THOSE ARE
THE THREE THAT I THINK I KNEW AT THAT TIME. I'VE SUBSEQUENTLY LEARNED
THERE WERE OTHER STATES MISSING THEM, BUT--

Q AND YOU SAID THIS WAS IN AROUND 1997?

A YEAH. AND IT COULD HAVE BEEN EARLIER. I COULD HAVE HEARD
ABOUT IT AS EARLY AS WHEN - YOU KNOW, SOME OF IT - I'VE READ THESE
RECORDS AFTER THE BILL OF RIGHTS WAS SEIZED, SO I READ SOME OF THESE
RECORDS, AND IT COULD HAVE BEEN EARLIER THAN THAT, BUT I'M - I THINK IT
WAS AROUND THAT TIME. I - THE FIRST THING I REMEMBER WAS WAYNE WAS
WORKING WITH JOHN, AND I THINK I KNEW IT AT THAT TIME, AND THAT WAS
ABOUT TRYING TO SELL IT TO NORTH CAROLINA OR DO SOME DEAL WITH NORTH
CAROLINA. THAT'S REALLY KIND OF THE FIRST THING I REMEMBER ABOUT IT.

Q AND BY "THESE RECORDS," YOU'RE REFERRING TO THE
DOCUMENTS THAT YOU PRODUCED PURSUANT TO THE SUBPOENA YOU RECEIVED

IN THIS CASE IS THAT CORRECT?

A YES. I GOT THOSE DOCUMENTS, I THINK, TWO DAYS AFTER
WAYNE PRATT CALLED ME FROM HIS SKI TRIP, FROM MARY BETH KEENE

Q OKAY. WELL, YOU'VE GIVEN US TWO SETS OF DOCUMENTS. LET'S
BACK UP JUST A MINUTE

A WELL, EVERYTHING BUT THE CHECK. I'M SORRY--

Q OKAY.

A --I MEAN, THOSE DOCUMENTS.

Q OKAY. BY "THOSE DOCUMENTS" -- AND WE'RE GOING TO GO
AHEAD AND HAVE THESE MARKED -- THERE'S LETTERS AND IT LOOKS LIKE A
HANDWRITTEN MEMO WITH FINANCIAL FIGURES ON THEM. WE'RE GOING TO
HAVE -- AND MAYBE A NEWSPAPER ARTICLE, TOO -- BUT WE'RE GOING TO HAVE
THAT MARKED AS "MATTHEWS DEPOSITION EXHIBIT 1."

(THEREUPON, THE DOCUMENT REFERRED
TO BELOW WAS MARKED AS PLAINTIFF'S
EXHIBIT NO. 1 - ROBERT V. MATTHEWS
DEPOSITION - FOR IDENTIFICATION.)

Q AND WHEN DID YOU SAY YOU RECEIVED THOSE DOCUMENTS?

A I THINK IT WAS TWO DAYS AFTER WAYNE CALLED ME FROM
WHENEVER THE -- WHENEVER IT WAS SEIZED FROM PHILADELPHIA. I DON'T KNOW
THE DATE

Q OKAY. SO WHEN WE'RE TALKING 1997, CERTAINLY AT THAT

POINT, THESE DOCUMENTS DON'T MEAN ANYTHING, THEY HAD NOT EITHER BEEN
CREATED OR YOU DIDN'T KNOW ABOUT THEM?

A NO I DIDN'T KNOW ABOUT THEM. I DID KNOW THAT HE HIRED
JOHN RICHARDSON TO, YOU KNOW, REPRESENT HIM IN THIS CASE, AND—

Q WHEN DID YOU—

A —SUPPOSEDLY—

Q —WHEN DID YOU LEARN THAT?

A WELL, HE TOLD ME EARLY ON, FROM THE BEGINNING, I KNOW,
BEFORE HE BOUGHT IT, THAT HE HIRED JOHN RICHARDSON—

Q UH-HUH (YES).

A —IN THE VERY BEGINNING

Q OKAY. NOW, ALSO YOU PRODUCED A CHECK PURSUANT TO THE
SUBPOENA. WERE THERE ANY OTHER DOCUMENTS THAT YOU KNOW OF THAT
YOU POSSESS OR THAT HAVE TO DO WITH YOUR CLAIM IN THIS CASE WHICH YOU
HAVE NOT PRODUCED TODAY?

MR. STRATTON: JUST FOR THE RECORD, THERE ARE — THE OTHER
DOCUMENTS THAT WERE PRODUCED BY MR. MATTHEWS ARE ALL
LETTERS AND THINGS WHICH I SENT HIM WHICH RELATE TO THIS
CASE, SO THEY ARE ATTORNEY/CLIENT PRIVILEGED. THERE ARE
OTHER DOCUMENTS THAT MR. MATTHEWS HAS IN HIS RECORDS—

MR. NEWBY: UH-HUH (YES).

MR. STRATTON: —BUT THEY ARE DRAFTS OF MOTIONS, THAT SORT OF

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DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

Q BUT IN TERMS - MR. MATTHEWS, OTHER THAN THE ATTORNEY/CLIENT PRIVILEGED DOCUMENTS, DRAFT OF MOTIONS, THAT TYPE OF THING, DO YOU KNOW OF ANY OTHER RECORDS IN THIS CASE WHICH SUPPORT YOUR CLAIM?

A YES.

Q AND WHAT WOULD THAT BE?

A THERE WAS ANOTHER PIECE OF PAPER THAT MARY BETH EITHER HANDED ME, OR I SAW THE NIGHT WHEN I WENT OVER THERE, THAT SHE HAS A COPY OF THAT SAID - I BELIEVE THE TITLE - I BELIEVE THE HEADING WAS "DOCUMENT PURCHASE," OR SOMETHING "DOCUMENT." AND IT SAID, "BOB MATTHEWS, A HUNDRED AND FIFTY THOUSAND; WAYNE PRATT, A HUNDRED AND FIFTY THOUSAND" - WAYNE - "BOB MATTHEWS, FIFTY PERCENT, A HUNDRED AND FIFTY THOUSAND; WAYNE PRATT, FIFTY PERCENT, A HUNDRED AND FIFTY THOUSAND," AND - OR IT SAID, "BOB MATTHEWS, A HUNDRED THOUSAND; WAYNE PRATT, A HUNDRED THOUSAND" - YOU KNOW, FIFTY PERCENT AND FIFTY PERCENT. AND I DON'T REMEMBER WHICH WAY IT WAS BECAUSE I ORIGINALLY THOUGHT WE WERE BUYING THE DOCUMENT FOR A HUNDRED AND - FOR THREE HUNDRED THOUSAND. SO, WHEN I GAVE HIM THE CHECK FOR THREE HUNDRED, SUBSEQUENTLY IT WAS BOUGHT FOR TWO HUNDRED THOUSAND.

Q DID YOU BRING THAT WITH YOU TODAY?

1 A NO I - NO, I DON'T HAVE IT. SHE MAY HAVE GIVEN IT TO ME, BUT
2 MARY - I KNOW MARY BETH HAS IT. IT'S A DOCUMENT THAT I SAW THAT SHE
3 HAS. I DON'T HAVE IT. IF I HAD IT, I WOULD HAVE BROUGHT IT.

4 Q OKAY. SO, AGAIN, MY QUESTION IS DO YOU HAVE ANY OTHER
5 NOTES, MEMORANDUM, CORRESPONDENCE, CANCELED CHECKS, PICTURES,
6 RECORDINGS - OTHER WRITINGS OR EVIDENCE OF ANY KIND WHICH SUPPORT,
7 DIRECTLY OR INDIRECTLY, THE CLAIM THAT YOU'VE FILED IN THIS CASE?

8 A THE ONLY OTHER THING THAT I HAVE IS - AND I DIDN'T - MY
9 EMAIL - I GOT A VIRUS, AND I LOST MY HARD DRIVE, BUT I CAN GET A COPY - IS I
10 EMAILED TO MICHAEL GALVIN BETWEEN THREE AND SIX WEEKS AGO - AN
11 AGREEMENT WHEREAS I WANTED TO HAVE AN OPTION TO BUY WAYNE'S
12 FORTY-FIVE PERCENT OF THE BILL OF RIGHTS, IF HE WAS NEVER INDICTED - I
13 MEAN, I'M GOING TO - I'M GOING BY MEMORY, BUT BASICALLY THIS IS THE
14 DEAL - FOR UP TO A MILLION ONE OF BASIS AND LEGAL FEES. SO, IF HE PAID A
15 HUNDRED THOUSAND FOR IT AND HE GOT WHATEVER HIS LEGAL FEES WERE -
16 WHATEVER - A HALF A MILLION DOLLARS - THEN UP TO A MILLION ONE, I HAD
17 THE - I CALLED UP WAYNE - AND MR. GALVIN DIDN'T WANT TO HAVE IT IN
18 WRITING - AND I RECORDED A CONVERSATION WITH WAYNE THAT SAID THAT
19 AGREEMENT ORALLY; AND I FAXED IT TO WAYNE PRATT.

20 Q SO, IT'S YOUR UNDERSTANDING THAT MR. PRATT HAS ACCEPTED
21 OR AGREED TO THIS OPTION?

22 A YES -

THE UNIVERSITY OF CHICAGO

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1 Q PRESENTLY, HAVE YOU GIVEN MR. PRATT ANYTHING OF VALUE
2 FOR THE OPTION?

3 MR. STRATTON: TO THIS DATE, HAVE YOU GIVEN HIM ANY MONEY—

4 WITNESS: NO. I—

5 MR. STRATTON: —ANY PROPERTIES?

6 WITNESS: —JUST I THINK THE FACT THAT I WOULD PAY HIS LEGAL FEES.

7 I THINK THAT'S THE ONLY THING THAT HE WAS GETTING OUT OF
8 IT.

9 MR. STRATTON: BUT ONLY IF YOU EXERCISED THE OPTION?

10 WITNESS: RIGHT.

11 DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

12 Q NOW, YOU SAID THAT YOU RECORDED THAT CONVERSATION. IS
13 THAT CORRECT?

14 A YES.

15 Q AND DID YOU PRODUCE A COPY OF THAT RECORDING?

16 A I ACTUALLY READ YOUR THING. I READ YOUR THING THAT SAID
17 RECORDING. I BELIEVE THE ONE THAT YOU GAVE ME DIDN'T SAY "RECORDING,"
18 AND IT DIDN'T REALLY TRIGGER IT, AND I TOLD MY — I TOLD MY LAWYER ABOUT IT
19 AT NINE-THIRTY LAST NIGHT, AND WE LEFT AT LIKE FOUR O'CLOCK.

20 Q OKAY.

21 A SO, I KNOW IT'S IN MY OFFICE. I TOLD MY BROTHER TO TRY TO
22 FIND IT. IT WAS ON ONE OF THOSE LITTLE—

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Q HAND-HELD DICTAPHONES?

A --HAND-HELD DEVICES. AND I HAVEN'T CALLED HIM TO SEE IF HE
FOUND IT YET, BUT--

Q OKAY. IF--

A --UNLESS HE RECORDED OVER IT, IT WAS THERE

Q --IF, IN FACT, IT DOES EXIST, WE WOULD REQUEST THAT YOU
OVERNIGHT IT--

A NO PROBLEM.

Q --TO ME AT THIS OFFICE

MR. STRATTON: HOLD ON A SECOND. WE WILL DO THAT, BUT I DO NOT
BELIEVE THAT YOU -- DON'T HAVE THE PROPER DOCUMENT
REQUEST IN ORDER TO GET THAT. IT'S OUTSIDE THE
DOCUMENT REQUEST.

MR. NEWBY: BUT YOU'RE GOING TO DO IT ANYWAY?

MR. STRATTON: I MAY DO IT--

MR. NEWBY: WELL, THE--

MR. STRATTON: --I DON'T THINK IT MATTERS.

MR. NEWBY: --THE REQUEST ITSELF SAYS "RECORDINGS"--

MR. STRATTON: UH-HUH (YES).

MR. NEWBY: --"THAT DIRECTLY OR INDIRECTLY SUPPORT THE CLAIM."

MR. STRATTON: IT DOESN'T.

MR. NEWBY: WELL, CERTAINLY IF, IN FACT, MR. MATTHEWS IS CLAIMING

1 A FIFTY PERCENT OWNERSHIP, AND THAT HE HAS IN THE PAST
2 TRANSACTED OR IN THE -- IN HIS WAY OF DOING BUSINESS WITH
3 MR. PRATT IS THROUGH ORAL AGREEMENTS, THEN THIS WOULD,
4 IN FACT, BE ANOTHER ORAL AGREEMENT THAT WOULD SUPPORT
5 HIS CLAIM THAT THIS IS THE WAY HE DOES BUSINESS WITH HIM.
6 MR. STRATTON: THEN WE WERE NOT PRODUCING IT. YOU CAN GET AN
7 ORDER FROM THE COURT.

8 MR. NEWBY: OKAY.

9 DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

10 Q SQ, YOU FIRST LEARNED ABOUT THE EXISTENCE OF THIS
11 DOCUMENT IN 1997--

12 A APPROXIMATELY. IT COULD HAVE BEEN EARLIER OR IT COULD
13 HAVE BEEN LATER

14 Q AT SOME POINT IN TIME, YOU UNDERSTOOD THAT
15 MR. RICHARDSON AND MR. PRATT WERE TRYING TO SELL IT TO THE STATE OF
16 NORTH CAROLINA. AT WHAT POINT WERE YOU APPROACHED, OR DID YOU
17 APPROACH SOMEONE, ABOUT BECOMING AN INVESTOR IN THE PROJECT?

18 A I WROTE THE CHECK IN JUNE OF '99, AND I THINK WE LEGALLY
19 BOUGHT IT IN LIKE 2000, IN MARCH OR SOMETIME IN 2000. MARY BETH KEENE
20 HAS A TIME FRAME ON THIS WHOLE THING AND I BELIEVE HE PROBABLY
21 CONTACTED ME A COUPLE YEARS BEFORE '99, AND FIRST IT WAS ABOUT HE
22 WAS -- YOU KNOW, HE WAS GOING TO TRY TO SELL IT BEFORE HE ACTUALLY

BOUGHT IT, AND THAT COULD HAVE BEEN IN '95. I DON'T REMEMBER BUT I WAS PROBABLY APPROACHED IN, I'M GOING TO GUESS, '98, AND MAYBE IT WAS EARLIER, TO ACTUALLY PARTICIPATE IN IT. AND HE APPROACHED ME AND ASKED IF I WANTED TO BUY HALF OF THE BILL OF RIGHTS. AND I FLEW DOWN TO INDIANA AT SOME POINT AND LOOKED AT IT BECAUSE I DIDN'T KNOW IF IT WAS REAL OR IT WASN'T REAL.

Q WHEN DID YOU FLY TO INDIANA?

A I APPARENTLY WENT DOWN TWICE, ALTHOUGH I REALLY REMEMBER ONE TIME. IT ONCE WAS IN A PILATUS, AND ONCE WAS IN A TWIN ENGINE. AND I FLEW DOWN AND LOOKED AT THE DOCUMENT. IT WAS IN A BANK. I DON'T KNOW THE DATES. MARY BETH SAID THAT SHE HAS THEM, AND YOU GUYS COULD GET THEM. BUT I DON'T HAVE THE TRAIN - I MEAN, THE PLANE RECORDS THAT I THINK SHE HAS. SO, WE CAN FIND OUT WHAT THE DATES WERE. I FLEW DOWN AND LOOKED AT IT. IT WAS IN A BANK VAULT. I WENT WITH AN ATTORNEY. I KNOW THE ATTORNEY'S NAME, IF YOU GIVE ME A SECOND. I CAN'T BELIEVE I CAN'T THINK OF THE ATTORNEY'S NAME. I KNOW THE ATTORNEY'S NAME.

(THEREUPON, THE WITNESS

AND MR. STRATTON CONFER.)

A NO. IT WAS AN ATTORNEY DOWN THERE. I KNOW HIS NAME. I KNOW - HE ASKED ME TODAY, AND I SAID THE NAME. I CAN'T THINK OF HIS NAME.

1 BUT IT'S IN THE PAPERS THAT YOU GUYS GAVE ME LAST TIME IN THE
2 CIVIL CASE HIS NAME WAS IN IT, AND IT MADE ME THINK OF HIS NAME -
3 REEDER - CHARLIE REEDER - CHARLIE REEDER. I MET CHARLIE REEDER, AND I
4 THINK THERE WAS A GUY THERE. IN MY MIND, I REMEMBER A GUY LIKE IN HIS
5 FORTIES THAT I THOUGHT WAS THE SON OF THESE TWO LADIES, THESE
6 MYTHICAL LADIES.

7 SO, WE WENT - THEY PUT IT IN A - WE WENT INTO A ROOM. WAYNE
8 LOOKED AT IT. HE LOOKED AT THE WRITING, AND HE COMMENTED THAT IT WAS
9 KIND OF FADED, AND IT WAS KIND OF IN A CRAPPY LITTLE FRAME. THAT WAS -
10 THAT'S WHAT I REMEMBER OF THE TRIP.

11 Q (BY MR. NEABY) YOU MADE THE - YOU USED THE PHRASE,
12 "MYTHICAL LADIES." WHAT DO YOU MEAN BY THAT?

13 A WELL, I HAD HEARD OF THESE LADIES. I MEAN, I'VE NEVER MET
14 THE LADIES, BUT I HEARD THERE WAS THESE LADIES THAT OWNED IT, OR SOME
15 SISTERS OR SOMETHING. I'M NOT REALLY SURE TO THIS DATE WHO REALLY
16 OWNED IT, BUT I KNEW THAT THE LAWYER REPRESENTED THEM. AND I THOUGHT
17 EITHER THEIR SON OR THEIR HUSBAND. SOMEBODY ELSE WAS THERE AT THAT
18 MEETING, AND I DON'T REMEMBER WHO IT WAS.

19 Q AND WHAT TRANSPIRED AT THAT MEETING?

20 A JUST WHAT I SAID. WE WENT INTO A VAULT. THEY WENT BACK
21 AND PUT THE FRAMED DOCUMENT IN A ROOM, AND WE WENT IN AND LOOKED AT
22 IT. AND WAYNE SORT OF EXAMINED IT AND WAS LOOKING AT THE LETTERS ON

THE FRONT OF IT. THE BACK WAS COVERED WITH CARDBOARD AT THAT TIME,
AND IT WAS IN A SKINNY - I THINK IT WAS IN A LITTLE SKINNY WOOD FRAME
AND I REMEMBER THINKING, I DON'T - YOU KNOW, I DON'T KNOW IF IT'S REAL OR
IT'S NOT REAL. I WAS RELYING ON WAYNE - YOU KNOW, WHAT IT WAS.

Q DID YOU MAKE AN OFFER, OR DID YOU AND MR. PRATT MAKE AN
OFFER TO PURCHASE AT THAT TIME?

A I DON'T - I - THE WAY I REMEMBER IT IS THEY STARTED OUT
ASKING ONE NUMBER, AND I'M MAKING THE NUMBER UP, ALTHOUGH IT COULD BE
THE NUMBER. I THOUGHT THEY STARTED OUT AT LIKE A HALF A MILLION OR A
MILLION DOLLARS - SOME NUMBER. AND IT MAY BE FIVE HUNDRED OR FOUR
HUNDRED OR SIX HUNDRED. AND, OVER TIME, THE NUMBER DROPPED DOWN
AND, YOU KNOW, I - YOU KNOW, LIKE WAYNE WOULD RETURN THE GUY'S
CALL AND, YOU KNOW, THEN - YOU KNOW, THE NEXT TIME IT WAS, SAY,
FOUR FIFTY. WHEN I ACTUALLY BOUGHT IT, I THOUGHT WE WERE BUYING IT FOR
THREE HUNDRED. SO, I DON'T REMEMBER ANY SPECIFICS ON THAT TIME OF, YOU
KNOW, OR ANY PRICES OR ANYTHING THAT WERE MENTIONED.

Q DID YOU AT THAT POINT EVER EXPRESS TO MR. REEDER THAT YOU
WERE NOT INTERESTED IN THE DOCUMENT?

A AT ONE TIME LATER ON - AND I THINK IT WAS AFTER I WAS SICK -
WAYNE WAS TRYING TO NEGOTIATE THE PRICE DOWN, AND I THINK HE KIND OF
USED THIS LEVERAGE THAT, YOU KNOW, JOHN RICHARDSON'S WIFE WAS PEG
RICHARDSON AND, YOU KNOW, HE'S A BIG LAWYER AND ALL THAT STUFF, AND

1 THAT I WAS IN THE NEW YORK TIMES ABOUT THREE DAYS BEFORE I WENT INTO A
2 OOMA WITH THE PRESIDENT - PRESIDENT CLINTON AND HIS WIFE -
3 MY DAUGHTER, AND MY WIFE. I HAD DONE A FUND-RAISER FOR THE IRELAND
4 FUND. AND I THINK, YOU KNOW, WAYNE SORT OF, YOU KNOW, WANTED TO USE
5 THAT - YOU KNOW, IT WAS LIKE, OH, WELL, THE - YOU KNOW, BOB IS ONE OF MY
6 INVESTORS AND, YOU KNOW, GEEZ, YOU KNOW, AREN'T WE IMPORTANT AND
7 THAT KIND OF A THING

8 Q AT SOME POINT, DID YOU EXPRESS TO ANYONE - MR REEDER OR
9 ANYONE ASSOCIATED WITH THE SALE - THAT YOU WERE NO LONGER
10 INTERESTED?

11 A WAYNE, AT ONE - AT ONE OF THE TRIPS, AND I THINK IT WAS
12 THAT ONE, WHERE WAYNE SAID, YOU KNOW, BOB - AND I WASN'T SURE OF
13 BUYING IT. REMEMBER, I JUST SAW THIS THING. I'M SORT OF RELYING ON
14 WAYNE, AND HE HADN'T DONE A LOT OF DOCUMENT PURCHASING, THAT I KNEW
15 ABOUT; AND AT ONE TIME I GENERALLY - YOU KNOW, AT ONE TIME, I REALLY
16 DIDN'T KNOW IF I WANTED TO DO THE DEAL. BUT I THINK WHAT YOU'RE TALKING
17 ABOUT IS WAYNE WANTED TO USE IT TO TRY TO BE ABLE TO GET THE PRICE
18 DOWN - LOOK, BOB WON'T BE ABLE TO INVEST. BUT I SINCERELY BELIEVE THAT
19 THE REASON THE PRICE WENT DOWN WAS OVER TIME THEY WANTED TO SELL IT,
20 AND WAYNE JUST KIND OF PUT THEM OFF OVER A NUMBER OF YEARS.

21 Q DID YOU, AT ANY POINT IN TIME, EXPRESS TO MR REEDER, OR TO
22 ANYONE ELSE, THAT YOU WERE NO LONGER INTENDING TO INVEST -

1 A I DON'T - I DON'T RECALL IF I ACTUALLY SAID IT OR WAYNE TOLD
2 THEM THAT. I REALLY DON'T REMEMBER

3 Q BUT SOMEONE MAY HAVE TOLD, OR TO YOUR KNOWLEDGE,
4 SOMEONE DID TELL MR. REEDER THAT YOU WERE NO LONGER INTERESTED. IT
5 COULD HAVE BEEN YOU; IT COULD HAVE BEEN MR. PRATT?

6 A YEAH. I DON'T THINK I EVER TOLD MISTER - I DIDN'T NEGOTIATE
7 FOR THE DOCUMENT, JUST SO YOU UNDERSTAND. I WENT. I LOOKED AT IT. I
8 INVESTED A HUNDRED THOUSAND DOLLARS (\$100,000.00) TO DO THE DEAL, BUT I
9 DIDN'T GO NEGOTIATE THE DEAL WITH ANYBODY.

10 (THEREUPON, THE DOCUMENT REFERRED
11 TO BELOW WAS MARKED AS PLAINTIFF'S
12 EXHIBIT NO. 2 - ROBERT V. MATTHEWS
13 DEPOSITION - FOR IDENTIFICATION.)

14 Q NOW, AT WHAT POINT IN TIME DID YOU GIVE WAYNE PRATT THIS
15 CHECK FOR A HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00)?

16 A I ASSUME WHEN IT'S DATED, JUNE 2ND - IN 1999.

17 Q SO, CERTAINLY BY JUNE 2ND, YOU HAD DECIDED THAT YOU
18 WANTED TO BE A PART OF THIS TRANSACTION?

19 A YEAH. I LOOKED AT IT, AND I HAD HEARD THAT ORIGINAL
20 DECLARATION OF INDEPENDENCE HAD SOLD FOR EIGHT MILLION DOLLARS, AND I
21 THOUGHT FOR THREE HUNDRED - AT THIS TIME, AGAIN, THE CHECK IS FOR
22 A HUNDRED AND FIFTY THOUSAND, SO I THOUGHT WE WERE BUYING IT FOR A

HUNDRED AND - FOR THREE HUNDRED. AT THIS TIME, I WAS TAKING KIND OF A LONG SHOT. I DIDN'T KNOW - I REALLY DIDN'T KNOW IF IT WAS REAL OR IT WASN'T REAL, BUT I TOOK A LONG SHOT.

Q WITH - AFTER YOUR CONVERSATIONS WITH MR REEDER, WERE YOU CONVINCED THAT - OR WERE YOU TOLD THAT THIS WAS NORTH CAROLINA'S ORIGINAL COPY OF THE BILL OF RIGHTS?

A NO. I WAS TOLD - WELL, I DON'T - I DON'T THINK MR REEDER TOLD ME ANYTHING. I MEAN, HE MAY HAVE, BUT I DON'T REMEMBER HIM TALKING TO ME. I REMEMBER WAYNE SAYING THAT HE THOUGHT - I HAD ASKED ABOUT IT, AND HE THOUGHT THAT IT EITHER CAME FROM UPSTATE NEW YORK OR UPSTATE VERMONT, AND THE OTHER THING IT COULD HAVE COME FROM NORTH CAROLINA. THAT WAS ONE OF THE PLACES MENTIONED THAT THEY WERE MISSING THEIR - I THINK THERE ARE FOUR OR FIVE STATES MISSING THEIR BILL OF RIGHTS.

Q TELL ME ABOUT FIRST NEW HAVEN CAPITAL CORPORATION.

A IT'S JUST A - MY CHECK. IT - I RUN MY PERSONAL STUFF THROUGH IT SO I DO DRAW, AND I RUN ALL MY COMPANIES, EXCEPT FOR THE SOFTWARE COMPANY, THROUGH THERE. IT'S THE MAIN ACCOUNT.

Q OKAY. WHEN DID FIRST NEW HAVEN CAPITAL CORPORATION COME INTO EXISTENCE?

A I DON'T KNOW. I COULD LOOK IT UP BACK HOME, BUT I DON'T KNOW.

Q IN THE EIGHTIES, IN THE SEVENTIES, IN THE NINETIES?

A I THINK WE USED TO HAVE ALL SEPARATE CHECKBOOKS, AND THE ACCOUNTANT THOUGHT IT WOULD MAKE IT EASIER FIVE OR EIGHT YEARS AGO IF WE USED ONE AND THEN SEPARATED IT OUT.

Q OKAY. WHO ARE THE OFFICERS OF FIRST NEW HAVEN CAPITAL CORPORATION?

A I'M SURE I'M AN OFFICER. I'M NOT REALLY SURE WHO ELSE IS. MAYBE - MAYBE MY CONTROLLER. I'M NOT REALLY SURE.

Q WHERE ARE THE CORPORATE OFFICES LOCATED?

A IN 59 ELM STREET.

Q IN NEW HAVEN, AS IT SAYS ON THE CHECK HERE?

A YEAH. IT'S JUST A GENERAL DISBURSEMENT ACCOUNT. IT'S NOT A REAL--

Q WHO IS THE CORPORATE TREASURER?

A OH, I DON'T KNOW. I DON'T KNOW. I MIGHT BE THE CEO AND TREASURER. I DON'T KNOW. I'D HAVE TO LOOK IT UP.

Q WHO ELSE WOULD BE OFFICERS OF THE CORPORATION?

A I HAVE NO IDEA. I HAVE JUST LIKE THIRTEEN CORPORATIONS. I DON'T KNOW WHO IT IS. I CAN LOOK IT UP HERE, BUT I DON'T KNOW.

Q SO, ARE YOU SAYING THAT FIRST NEW HAVEN CAPITAL CORPORATION IS THE HOLDING COMPANY FOR THE OTHER THIRTEEN CORPORATIONS?

1 A I'M SAYING THAT MY ACCOUNTANT WANTED TO DO ONE
2 DISBURSEMENT ACCOUNT TO RUN IT THAT WAY; OTHERWISE, TALK TO MY
3 ACCOUNTANT. I DON'T KNOW. THAT'S HOW HE WANTED TO DO IT TO MAKE IT
4 SIMPLER, AND WE DID IT A LONG TIME AGO.

5 Q WHO WOULD HAVE CORPORATE RECORDS FOR FIRST NEW HAVEN
6 CAPITAL CORPORATION?

7 A ONE OF MY ATTORNEYS WOULD HAVE THE RECORDS.

8 Q AND, BY ONE OF YOUR ATTORNEYS, WHO WOULD THAT BE?

9 A WELL, ONE - EITHER ROGIN NASSAU, OR FREDDIE DONNARUMMA,
10 OR JOHN BECK. ONE OF THE ATTORNEYS THAT WE USE AT THE OFFICE WOULD
11 HAVE IT.

12 Q AND ARE THOSE ALL LOCATED IN NEW HAVEN, CONNECTICUT?

13 A NO. TWO ARE IN HARTFORD. ONE IS IN NEW HAVEN. I THINK ONE
14 IS IN WATERBURY.

15 Q WHO ARE THE SHAREHOLDERS OF FIRST NEW HAVEN--

16 A THAT WOULD BE ME.

17 Q --CAPITAL CORPORATION? OF ONE HUNDRED PERCENT OF THE
18 SHARES?

19 A YES.

20 Q AND WHAT IS THE BUSINESS OF FIRST NEW HAVEN CAPITAL
21 CORPORATION?

22 A FIRST NEW HAVEN CAPITAL CORPORATION IS REALLY JUST A

1 DRAW - IT DOESN'T HAVE - IT DOESN'T HAVE ANY SEPARATE ENTITY TO DO
2 ANYTHING. IT'S A CORP SET UP JUST TO BE THE GENERAL DISBURSEMENT
3 ACCOUNT. I DON'T KNOW HOW TO SAY IT ANY CLEARER.

4 Q WELL, ISN'T IT TRUE THAT YOU HAVE PERSONAL ACCOUNTS?

5 A OH, YEAH. I HAVE SOME PERSONAL ACCOUNTS, BUT I RUN MOST
6 OF MY PERSONAL STUFF THROUGH FIRST NEW HAVEN CAPITAL.

7 Q SO, YOU HAVE A PERSONAL CHECKING ACCOUNT?

8 A OH, I HAVE - I'M SURE MY WIFE HAS ONE. I HAVE ONE. YEAH. I
9 HAVE ONE DOWN IN PALM BEACH. I HAVE PERSONAL ACCOUNTS. BUT THIS IS
10 WHERE THE - FOR EXAMPLE, THE BILLS COME IN AND THEY GO THROUGH HERE
11 FOR MY HOUSE, AND THAT WOULD BE A DRAW -

12 Q WHO -

13 A -THE STUFF I WOULD, YOU KNOW, BUY FROM WAYNE WOULD RUN
14 THROUGH HERE.

15 Q DO YOU KNOW WHO THE CORPORATE AGENT FOR FIRST NEW
16 HAVEN CAPITAL CORPORATION WOULD BE?

17 A I HAVE NO IDEA.

18 Q AND PERHAPS YOU ANSWERED THIS, BUT IS IT YOUR
19 UNDERSTANDING THAT FIRST NEW HAVEN CAPITAL CORPORATION IS THE
20 HOLDING CORPORATION FOR THE OTHER ENTITIES -

21 A NO. THERE'S A -

22 Q -THAT YOU HAVE?

1 A --COMPANY CALLED MATTHEWS VENTURES HOLDINGS, LLC.
2 THAT'S A HOLDING COMPANY. THIS IS JUST A CHECKBOOK GENERAL
3 DISBURSEMENT ENTITY. IT DOESN'T DO ANYTHING ELSE

4 Q AND WHERE DOES IT RECEIVE ITS FUNDS? FROM WHOM DOES IT
5 RECEIVE ITS FUNDS?

6 A WHERE DOES IT RECEIVE--LET ME TRY--ITS--I'LL TRY IT AGAIN. I
7 HAVE DIFFERENT COMPANIES. OKAY. FOR EXAMPLE, YOU'RE A TENANT. YOU'RE
8 YALE. YOU PAY ME RENT. OKAY. IT RUNS THROUGH FIRST NEW HAVEN CAPITAL
9 ACCOUNT. OKAY. YOU'RE STROMBERG, MY COMPANY IN FLORIDA. YOU PAY ME
10 A DIVIDEND. IT RUNS THROUGH FIRST NEW HAVEN CAPITAL. IT'S JUST A
11 GENERAL, SORT OF THE MELTING POT, COMPANY THAT JUST THE FUNDS RUN
12 THROUGH.

13 Q SO, EACH OF THE INDIVIDUAL COMPANIES WOULD HAVE THEIR
14 OWN CHECKING ACCOUNTS?

15 A NO. I'M SAYING THEY DON'T HAVE THEIR OWN CHECKING
16 ACCOUNTS.

17 Q SO, NONE OF YOUR INDI--INDI--LET ME BACK UP. HOW MANY
18 INDIVIDUAL COMPANIES DID YOU SAY THERE WERE?

19 A I DON'T KNOW. WELL, THEY MIGHT BE LLC'S, SO COMPANIES
20 MIGHT HAVE BEEN THE WRONG WORD.

21 Q RIGHT.

22 A THERE'S DIFFERENT LLC'S. I MEAN, FOR EXAMPLE, IF YOU SAID

1 HOW MANY TAX RETURNS DO YOU FILE WITH THE DIFFERENT LLC'S - LIKE FIFTEEN
2 OR SOMETHING

3 Q OKAY. AND ALL OF THOSE FIFTEEN LLC'S WOULD USE NEW
4 HAVEN - FIRST NEW HAVEN CAPITAL CORPORATION FOR THEIR DEPOSITS AS
5 WELL AS THEIR DISBURSEMENTS?

6 A EXCEPT FOR THE SOFTWARE COMPANY. THEY RUN THEIR OWN
7 CHECKING ACCOUNT DOWN IN FLORIDA.

8 Q OKAY. NOW, YOU MADE THIS CHECK PAYABLE TO WAYNE PRATT,
9 INC. WAS IT YOUR UNDERSTANDING THAT THE ENTITY, WAYNE PRATT, INC., WAS
10 GOING TO PURCHASE FROM THESE LADIES IN INDIANA THE DEFENDANT IN THIS
11 CASE?

12 MR. STRATTON: OBJECTION. JUST TO THE - JUST TO THE EXTENT THE
13 QUESTION IS VAGUE AND AMBIGUOUS; BUT YOU CAN ANSWER

14 A I - I DIDN'T KNOW IF WAYNE WAS GOING TO BUY IT IN HIS NAME
15 OR THE COMPANY; BUT, I MEAN, I KNEW HE WAS GOING TO BUY IT. I ASSUMED IT
16 WOULD BE IN THE COMPANY, BUT I DIDN'T - I DIDN'T KNOW FOR A FACT.

17 Q (BY MR. NEABY) DO YOU KNOW OR DID YOU INSTRUCT MR. PRATT
18 AS TO WHERE HE SHOULD DEPOSIT THIS SUM OF MONEY?

19 A NO

20 Q DID YOU RECEIVE A MONTHLY STATEMENT INDICATING THAT HE
21 HAD SET UP AN ESCROW OR ANY TYPE OF SEPARATE ACCOUNT--

22 A NO--

Q -FOR THIS MONEY?

A -WE DIDN'T HAVE A RELATIONSHIP LIKE THAT.

Q WELL, WHY DON'T YOU TELL ME ABOUT THE RELATIONSHIP THAT YOU HAD WITH MR. PRATT.

A WELL, IT WAS - I'VE KNOWN WAYNE FOR TWENTY-FIVE YEARS. I'M THE GODFATHER TO HIS SON. I'VE KNOWN HIM SOCIALLY. I'M ONE OF HIS COLLECTORS. I'M PROBABLY A MID-SIZED COLLECTOR. HE'S DONE PROBABLY NINETY-NINE PERCENT OF THE PURCHASES IN MY HOUSES FOR ANTIQUES - AMERICAN ANTIQUES - I BOUGHT FROM HIM STARTING WHEN I WAS TWENTY-FIVE, SO, TWENTY YEARS AGO.

I'VE DONE OTHER DEALS WITH WAYNE WHERE - I DON'T KNOW HOW MANY. MAYBE WE DID FOUR, MAYBE THREE, MAYBE FIVE WHERE WAYNE WOULD SAY, OH, I HAVE A HIGH-BOY; IT'S A GREAT DEAL; YOU CAN BUY IT FOR A HUNDRED THOUSAND DOLLARS (\$100,000.00); YOU PUT UP FIFTY THOUSAND; I'LL PUT UP FIFTY THOUSAND; AND HE WOULD RESELL IT. WE'D BE FIFTY/FIFTY PARTNERS. HE WOULD RESELL IT BECAUSE HE WAS THE EXPERT. I DON'T KNOW ABOUT HIGH-BOYS. AND HE WOULD GIVE ME TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00), AND HE WOULD HAVE TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00).

AND I KNOW ONCE I REMEMBER THAT WE DID IT WHERE THERE WAS A LIST OF ITEMS, MAYBE TWELVE ITEMS, AND THEN HE WOULD SAY THAT - WHAT HE THOUGHT THE MARKET VALUE WAS AND THEN WHAT WE ACTUALLY SOLD

THEM FOR, SQ, THE TARGET, WHAT YOU WOULD SELL IT FOR, AND THEN WHAT YOU PAID FOR IT--

Q SO--

A --BEFORE I DID THAT DEAL, HE-- I REMEMBER THAT ONE HE SAID, WELL, THIS HIGHBOY, I THINK, IS WORTH SEVENTY-FIVE THOUSAND, AND WE'RE PAYING FIFTY THOUSAND FOR IT, YOU KNOW, AND HE GAVE ME SORT OF TARGET THINGS. SQ, IT WAS NEVER IN AN ESCROW ACCOUNT OR ANYTHING FORMAL LIKE THAT. WAYNE IS A FRIEND OF MINE I-- I'VE-- YOU KNOW, I TRUST HIM, AND I CAN'T IMAGINE HIM NOT HONORING HIS, YOU KNOW, HANDSHAKE ON THE DEAL.

Q SQ, YOU WOULD GIVE HIM THE MONEY, BUT WITH REGARD TO THE VARIOUS DECISIONS IN THESE TRANSACTIONS, MR. PRATT WOULD NEGOTIATE THE PURCHASE, HE WOULD HOLD OR DO WHATEVER HE NEEDED TO DO-- REFINISH, REFURBISH, MARKET, ULTIMATELY SELL, AND THEN AT SOME POINT IN TIME, HE WOULD GIVE YOU FUNDS?

MR. STRATTON: OBJECTION, COMPOUND. YOU CAN ANSWER.

A YES. HE WAS THE EXPERT IN ANTIQUES. I'M A-- I'M A COLLECTOR. SQ, I RELIED ON HIS EXPERTISE, YES.

Q (BY MR. NEWBY) WOULD HE-- OKAY. SQ, YOU GAVE HIM THIS A HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00). AFTER YOU DID THAT, WHEN WAS THE NEXT TIME THAT YOU HEARD ANYTHING IN REFERENCE TO THIS DOCUMENT?

A WELL, LET'S SEE THIS IS JUNE OF '99. SQ, NINETY DAYS LATER

1 I'M IN A COMA, SO I'M SURE WE DIDN'T TALK ABOUT IT FOR A WHILE. I MEAN, IF
2 WE DID, I DON'T REMEMBER BECAUSE I WAS ON A HUNDRED AND THIRTY
3 MILLIGRAMS OF PREDNISONE AND - I'M SURE WE DIDN'T TALK ABOUT IT. I
4 FOUND OUT AFTER THE - AFTER THE F.B.I. SEIZED IT WHEN I MET WITH MARY
5 BETH, I FOUND OUT WHEN WE ACTUALLY BOUGHT IT. I DIDN'T EVEN KNOW WHEN
6 WE - I DIDN'T EVEN KNOW WHEN WE BOUGHT IT. I GUESS WE BOUGHT IT, I THINK,
7 IN 2000 SOMETIME, BUT I DIDN'T EVEN KNOW WHEN WE ACTUALLY BOUGHT IT.

8 THE NEXT THING I HEAR - OH, I KNOW. HE WAS GOING TO BRING IT - HE
9 WAS GOING TO HAVE THE LAWYER DRIVE IT UP TO WASHINGTON, D.C. I THINK HE
10 WAS GOING TO HAVE THE LAWYER. HE MAY HAVE HAD HIS DRIVER THAT DOES
11 THE DELIVERIES, BUT I THOUGHT THE LAWYER, CHARLIE REEDER, WAS GOING TO
12 DRIVE IT AND HAVE IT AUTHENTICATED. AND IF IT - I REMEMBER THINKING
13 THAT HE SAID IF IT WAS - YOU KNOW, IF IT WAS CLEAN - HE BROUGHT IT TO
14 SOMEBODY TO LOOK AT. I THINK THEY THOUGHT IT WAS PENNSYLVANIA'S, IN
15 FACT - THAT IF IT WAS, YOU KNOW, ORIGINAL, YOU KNOW, IT WASN'T A FAKE,
16 THEN HE WAS GOING TO PURCHASE IT. AND, LIKE I SAID, I THINK THAT WAS IN
17 MARCH OF 2000 - SOMETIME IN 2000.

18 Q DO YOU KNOW AT WHAT POINT IN TIME MR. PRATT OBTAINED AN
19 OPTION TO PURCHASE THIS DOCUMENT?

20 A WELL, I NEVER REALLY KNEW IF HE HAD AN OPTION. I DIDN'T
21 KNOW THAT. I KNEW HE HAD SOME DEAL WITH JOHN RICHARDSON A LONG TIME
22 AGO, BUT I DIDN'T REALLY KNOW HE HAD AN OPTION. SO, UNTIL YOU JUST TOLD

ME, NO

MR. NEWBY: I'M GOING TO SHOW YOU WHAT WE'RE GOING TO MARK AS
DEPOSITION EXHIBIT 3.

(THEREUPON, THE DOCUMENT REFERRED
TO BELOW WAS MARKED AS PLAINTIFF'S
EXHIBIT NO 3 - ROBERT V. MATTHEWS
DEPOSITION - FOR IDENTIFICATION)

MR. NEWBY: THIS IS NOT - LET'S GO OFF THE RECORD A MINUTE
(THEREUPON, THERE WAS AN
OFF-THE-RECORD DISCUSSION
WHICH WAS NOT REPORTED
BY THE COURT REPORTER)

MR. NEWBY: OKAY. WE CAN GO BACK ON.

DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

Q LET'S SEE I'VE GIVEN YOU DEPOSITION EXHIBIT 3, WHICH IS A
WIRE TRANSFER--

MR. STRATTON: YOU HAVEN'T GIVEN HIM ANYTHING YOU'VE GIVEN HIM
AN UNMARKED PIECE OF PAPER

WITNESS: YOU WANT TO SWITCH?

MR. STRATTON: YEAH

Q --WHICH SHOWS THAT A WIRE TRANSFER OCCURRED ON
SEPTEMBER 10, 1997, OF FIFTY THOUSAND DOLLARS (\$50,000.00) FROM WAYNE

PRATT, INC., TO CHARLES REEDER'S TRUST. WERE YOU AWARE OF THAT TRANSACTION?

A NOT UNTIL YOU JUST TOLD ME

Q DO YOU REMEMBER WHEN THE TRANSACTION TOOK PLACE?

A NO. I TOLD YOU THAT I CHECKED AFTERWARDS, AND I FOUND OUT IT WAS IN 2000.

Q OKAY.

MR. STRATTON: WE'RE TALKING ABOUT THE TRANSACTION—

MR. NEWBY: TO PURCHASE—

MR. STRATTON: —TO PURCHASE THE BILL OF RIGHTS—

MR. NEWBY: —THE BILL OF RIGHTS—

MR. STRATTON: —BY —OKAY—

MR. NEWBY: —BY W.P.I.

MR. STRATTON: —BY —AND MR. MATTHEWS.

MR. NEWBY: WELL, BY W.P.I.

MR. STRATTON: ALL RIGHT.

MR. NEWBY: THE —I'M GOING TO MARK — HAVE MARKED EXHIBIT 4.

(THEREUPON, THE DOCUMENT REFERRED

TO BELOW WAS MARKED AS PLAINTIFF'S

EXHIBIT NO. 4 - ROBERT V. MATTHEWS

DEPOSITION - FOR IDENTIFICATION.)

MR. NEWBY: WOULD YOU, PLEASE, LOOK AT THAT.

(THEREUPON, WITNESS REVIEWS DOCUMENT.)

DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

Q HAVE YOU SEEN THAT DOCUMENT BEFORE?

A JUST WHEN YOU HANDED IT TO ME A MINUTE AGO

MR. STRATTON: THIS IS A THREE PAGE--

MR. NEWBY: THIS IS--

MR. STRATTON: WELL, WHAT IS THIS DOCUMENT? WE'VE GOT -- WE HAVE

TWO-- ONE PAGE THAT'S MARKED, TWO PAGES THAT AREN'T

MARKED. SQ IF WE CAN JUST FOR THE RECORD INDICATE THIS IS

A THREE PAGE DOCUMENT WHICH HAS BEEN MARKED AS

EXHIBIT 4. THE FIRST PAGE ON TOP IS A "BILL OF SALE" THE

SECOND PAGE IS A NOTARY IN INDIANA, COUNTY OF MARION, BY A

SHELLEY [sic] BRIGHT WITH A FEBRUARY 15, 2000, DATE THE

THIRD PAGE IS ANOTHER NOTARY BY A JUDY HAMBURG [sic] ON

JANUARY 7TH OF 2000. SQ WE'VE GOT TWO NOTARIES, TWO

DIFFERENT DATES, IN A THREE PAGE DOCUMENT MARKED AS

PLAINTIFF'S EXHIBIT 4.

DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

Q SQ IS TODAY THE FIRST TIME YOU'VE SEEN THAT DOCUMENT?

A YES.

Q AND DO YOU HAVE ANY REASON TO BELIEVE THAT THIS IS NOT A --
ALTHOUGH REDACTED -- A TRUE COPY OF THE BILL OF SALE FROM THE PEOPLE IN

INDIANA FOR THE DEFENDANT IN THIS CASE?

MR. STRATTON: I OBJECT TO THE QUESTION AS NOT -- NOT REASONABLY
CALCULATED--

WITNESS: I MEAN, THEY'RE NOT SIGNED. IT COULD HAVE BEEN A DRAFT
FORM. I DON'T KNOW. NO ONE SIGNED IT.

MR. NEWBY: ALL RIGHT. OKAY.

MR. STRATTON: WE WERE NOT STIPULATING TO THE AUTHENTICITY OF A
DOCUMENT THAT'S UNSIGNED.

MR. NEWBY: ALL RIGHT.

DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

Q IF, IN FACT, THIS IS THE AUTHENTIC BILL -- OR A COPY OF THE
EXECUTED BILL OF SALE, YOU SEE THAT THE TRANSFER IS TO WAYNE A. PRATT,
INC., A CORPORATION ("BUYER"). IS THAT HOW YOU ANTICIPATED THAT THE
TRANSACTION WOULD TAKE PLACE?

A YEAH. I MUST HAVE BECAUSE THAT'S WHY I WROTE THE CHECK.
THE ONLY THING I WAS ALWAYS TOLD THAT THE ORIGINAL BILL OF SALE
SAID IT HAD TO BE SOLD TO A MUSEUM, JUST FOR THE RECORD.

MR. STRATTON: OH, THE--

WITNESS: I'M JUST TELLING YOU. THAT'S WHAT I WAS TOLD. SO I
DON'T KNOW IF THAT'S THE RIGHT ONE. I'M JUST TELLING YOU
WHAT I WAS TOLD.

MR. STRATTON: YEAH. NO. THAT'S--

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1 DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

2 Q NOW, AS YOU LOOK AT THAT DOCUMENT, YOU DON'T SEE YOUR
3 NAME AS A BUYER ANYWHERE ON THAT DOCUMENT, DO YOU?

4 A NO

5 MR. STRATTON: YOU'RE TALKING ABOUT DOCUMENT NUMBER 4?

6 MR. NEWBY: DOCUMENT NUMBER 4. THAT DOCUMENT IS DATED
7 FEBRUARY 15, 2000.

8 MR. STRATTON: OKAY.

9 MR. NEWBY: AND I'LL SHOW YOU WHAT WILL BE MARKED AS PLAINTIFF'S
10 EXHIBIT 5.

11 (THEREUPON, THE DOCUMENT REFERRED
12 TO BELOW WAS MARKED AS PLAINTIFF'S
13 EXHIBIT NO. 5 - ROBERT V. MATTHEWS
14 DEPOSITION - FOR IDENTIFICATION.)

15 MR. NEWBY: THAT IS, IN FACT, A—

16 WITNESS: OKAY. FEBRUARY 23 — OKAY. THAT—

17 (THEREUPON, WITNESS REVEALS DOCUMENT
18 AND CONFERS WITH HIS ATTORNEY.)

19 MR. NEWBY: OKAY.

20 DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

21 Q PLAINTIFF'S EXHIBIT 5 IS A COPY OF A WIRE TRANSFER FROM
22 WAYNE E. PRATT, INC., TO CHARLES REEDER FOR A HUNDRED AND FIFTY

THOUSAND DOLLARS (\$150,000.00), DATED FEBRUARY 23, 2000. IS THAT
CORRECT?

A YES.

MR. STRATTON: BUT IS - I MEAN, IS THAT IT - IS THAT WHAT THE
DOCUMENT READS OR DOES HE HAVE ANY ABILITY TO
AUTHENTICATE THE DOCUMENT? I DON'T UNDERSTAND THE
QUESTION.

MR. NEWBY: I'M ASKING IF THAT'S WHAT THE DOCUMENT READS.

MR. STRATTON: OKAY.

WITNESS: IT LOOKS - IT LOOKS LIKE A WIRE TO ME.

Q (BY MR. NEWBY) DO YOU HAVE ANY REASON TO BELIEVE THAT
THIS WAS NOT THE FINAL PAYMENT IN CONSUMMATION OF THE TRANSACTION
THAT'S EXHIBITED WITH THE BILL OF SALE ON EXHIBIT 4?

MR. STRATTON: I JUST OBJECT TO THE QUESTION. IT'S NOT
REASONABLY CALCULATED TO LEAD TO DISCOVERY OF
ADMISSIBLE EVIDENCE AND WE'RE NOT GOING TO STIPULATE TO
THE AUTHENTICITY OF THIS DOCUMENT; AND NEVER SEEN IT
BEFORE.

Q (BY MR. NEWBY) NOW, ON THOSE - THE DOCUMENTS THAT HAVE
BEEN MARKED EXHIBITS 3, 4, AND 5, YOU SEE THE NAME "WAYNE PRATT, INC."
DO YOU SEE ON ANY OF THOSE DOCUMENTS YOUR NAME?

A NO.

1 MR. STRATTON: THE DOCUMENTS SPEAK FOR THEMSELVES.

2 Q (BY MR. NEABY) NOW, AFTER THE TRANSACTION WAS
3 COMPLETED IN THE NAME OF WAYNE PRATT, INC., CAN YOU TELL ME WHAT NEXT
4 OCCURRED WITH REGARD TO THE DOCUMENT, THE BILL OF RIGHTS?

5 MR. STRATTON: OBJECTION. IT'S A COMPOUND QUESTION, AND
6 ASSUMES FACTS NOT IN EVIDENCE. DO YOU WANT TO REASK
7 THE QUESTION?

8 Q (BY MR. NEABY) WHAT HAPPENED - AFTER FEBRUARY 23, 2000,
9 WHAT WAS YOUR NEXT CONTACT EITHER WITH MR. MATTHEWS CONCERNING
10 THE BILL OF RIGHTS OR WITH THE BILL OF RIGHTS ITSELF?

11 MR. STRATTON: MR. PRATT, I'M ASSUMING

12 MR. NEABY: I'M SORRY, MR. PRATT.

13 A THE NEXT THING THAT I REMEMBER THAT HAPPENED WITH THE
14 BILL OF RIGHTS WAS THAT HE BROUGHT IT TO A FRAME RESTORER TYPE PLACE,
15 AND I REMEMBER HIM TELLING ME THAT HE TOOK THE CARDBOARD OFF THE
16 BACK OF IT, AND THAT THERE WERE SOME LETTERS, AND THEY USED A RAZOR
17 BLADE AND THAT THEY WERE VERY CAREFUL TO LEAVE WHATEVER WRITING WAS
18 ON THE BACK. AND THEY PUT IT IN A FRAME, A NEW FRAME, AND A - MAYBE AN
19 ULTRAVIOLET TYPE FRAME - A NICER FRAME. THAT'S THE NEXT THING THAT I
20 REMEMBER THAT I HEARD FROM WAYNE

21 Q (BY MR. NEABY) AFTER SEEING THE DOCUMENT IN INDIANA, DID
22 YOU EVER PERSONALLY SEE THE DOCUMENT AGAIN?

1 A ONE OTHER TIME

2 Q AND WHEN WAS THAT?

3 A IT WAS - IT WAS AFTER THAT. HE WAS SHOWING ME HE HAD IT
4 UPSTAIRS IN HIS OFFICE ON THE THIRD FLOOR, AND HE WAS SHOWING ME HOW
5 HE HAD IT MOUNTED IN A BETTER FRAME AND WITH THIS VERY, YOU KNOW, COOL
6 GLASS - ULTRAVIOLET RAY GLA - WHATEVER IT WAS, SOME KIND OF FANCY
7 GLASS COVER. THAT WAS THE ONLY TIME

8 Q AND WHEN WAS THAT?

9 A I DON'T KNOW. BUT IN SOME OF THE DOCUMENTS THAT I GAVE
10 YOU BEFORE, THERE IS A NAME OF A PLACE WHERE I THINK THEY DID IT, AND IT
11 WOULD HAVE A DATE PROBABLY AROUND THE TIME IT WAS - SOMETIME AFTER
12 THAT.

13 Q AND AT THAT TIME, DID HE GIVE YOU - DID MR. PRATT GIVE YOU
14 THE DOCUMENT TO TAKE ANYWHERE?

15 A NO, NEVER. I NEVER HAD POSSESSION OF THE DOCUMENT.

16 Q PRIOR TO THE PURCHASE OF THE DOCUMENT BY WAYNE PRATT,
17 INC., IN INDIANA, DID MR. MATTHEWS CONSULT WITH - MR. PRATT CONSULT
18 WITH YOU IN REFERENCE TO HIS NEGOTIATIONS WITH MR. REEDER?

19 A THE ONLY THING I REMEMBER ABOUT THE NEGOTIATIONS WITH
20 REEDER WAS THAT THIS THING HAD DRAGGED OUT OVER A LONG PERIOD OF TIME,
21 AND THAT THE PRICE KEPT DROPPING, LIKE I SAID IN THE BEGINNING OF THE
22 CONVERSATION; THAT PRETTY MUCH OVER TIME - FRANKLY, I THINK IT WAS

1 LIKE, IF YOU WERE GOING TO BUY A BUILDING AND YOU DIDN'T BUY IT AND IT
2 JUST KEPT DRAGGING, AND THIS SELLER SAID, LOOK, GIVE ME A MILLION, NEVER
3 MIND A MILLION AND A HALF, AND THEY MADE A DEAL. AND THAT'S JUST MY
4 GENERAL FEELING, THAT OVER TIME THE PRICE WAS LESS—

5 Q DID—

6 A —BECAUSE AT THE TIME I WROTE THE CHECK, I THOUGHT IT WAS
7 OBVIOUSLY THREE HUNDRED THOUSAND, OR I WOULDN'T HAVE WROTE A CHECK
8 FOR A HUNDRED AND FIFTY THOUSAND.

9 Q DID MR. PRATT CONSULT WITH YOU REGARDING HIS
10 NEGOTIATIONS WITH MR. REEDER?

11 A I'M SURE I MUST HAVE ASKED HIM HOW IT'S GOING, BUT I DON'T
12 SPECIFICALLY REMEMBER A TIME WITH HIM SAYING THIS IS, YOU KNOW, WHAT
13 WE DID OR WHERE IT WAS. HE MUST HAVE TOLD ME AT ONE TIME IT WAS THREE
14 HUNDRED OR I WOULDN'T HAVE WRITTEN THE CHECK FOR A HUNDRED AND FIFTY.
15 BUT I DON'T SPECIFICALLY REMEMBER A TIME WHERE HE SAID, OH, IT'S GOING
16 REALLY GOOD OR IT'S GOING BAD OR, YOU KNOW.

17 Q DID MR. PRATT SPECIFICALLY ASK YOUR PERMISSION TO INCLUDE
18 CERTAIN TERMS OR CONDITIONS OF THE PURCHASE?

19 A NO

20 Q DID MR. PRATT CONSULT WITH YOU PRIOR TO HIS TAKING THE
21 DOCUMENT TO HAVE ANY RESTORATION WORK DONE ON IT?

22 A NO AS I SAID, I WAS RELYING ON HIS EXPERTISE

CAROLYN Y. HALL & ASSOCIATES

1 Q DID MR. PRATT SEEK ANY FINANCIAL CONTRIBUTION FROM YOU
2 WITH REGARD TO ANY COST IN CONNECTION WITH THE RESTORATION OR
3 MAINTENANCE OF THE DOCUMENT?

4 A NO. HE ALWAYS WOULD HAVE - JUST LIKE HE DID ON THAT PIECE
5 OF PAPER - HE WOULD HAVE TAKEN IT OFF AT THE END, JUST LIKE HE DID ANY
6 OTHER DEAL. THAT WAS THE EXTRA TWENTY-FIVE HUNDRED DOLLARS (\$2,500.00)
7 HE SPENT.

8 Q DID MR. PRATT CONSULT WITH YOU PRIOR TO ENTERING INTO ANY
9 AGREEMENTS WITH MR. REESE OR TILLOU REGARDING THE DOCUMENT?

10 A HE TOLD ME APPROXIMATELY SIXTY TO NINETY DAYS BEFORE
11 HE - THAT HE WAS WORKING ON A DEAL TO SELL IT AND THAT IT WAS TO THE
12 PHILADELPHIA - THE CONSTITUTION MUSEUM. AND I THOUGHT HE TOLD ME AT
13 THE TIME HE WAS GOING TO SELL IT FOR FIVE OR SIX MILLION DOLLARS. AND I
14 DIDN'T, AT THAT TIME, EVEN KNOW THOSE PEOPLE - I DON'T THINK I EVEN KNEW
15 THEY WERE INVOLVED UNTIL I READ THE STUFF FROM MARY BETH LATER.

16 Q SO, AT THE TIME, CONTEMPORANEOUS WITH THE EVENTS,
17 MR. PRATT DID NOT CONSULT WITH YOU BEFORE ENTERING INTO ANY
18 AGREEMENTS WITH MR. TILLOU OR MR. REESE?

19 A NO. HE DIDN'T SAY, OH, I'M GOING TO GO - I MEAN, I REMEMBER
20 HE MENTIONED THAT HE WAS GOING TO PAY PETER A COMMISSION OF SOME
21 SORT. I MEAN, I FOUND OUT AT THE END IT WAS A MILLION DOLLARS, BUT
22 I DIDN'T KNOW THAT AT THE TIME. BUT, NO, HE DIDN'T SPECIFICALLY - I LEFT IT

UP TO WAYNE TO MAKE THOSE KIND OF DECISIONS TO SELL IT.

Q WITH REGARD TO THE PRICE OF FIVE MILLION DOLLARS, DID MR. PRATT CONSULT WITH YOU OR SEEK YOUR CONSENT TO THAT PRICE?

A I KNOW HE TOLD ME HE WAS GOING TO SELL IT FOR FIVE MILLION DOLLARS OR SIX MILLION DOLLARS; WHAT DO YOU THINK ABOUT THAT. I SAID, IT SOUNDS GOOD TO ME. I MEAN, WE DIDN'T HAVE SOME FORMAL BOARD MEETING OR ANYTHING LIKE THAT. IT WAS HE JUST TOLD ME AT THE END - BECAUSE HE HAD TRIED TO SELL IT TO A COUPLE OTHER PEOPLE, AND THAT WAS THE LAST DEAL HE WAS ON.

Q SO, IF MR. PRATT HAD THEN SOLD IT FOR FOUR POINT SEVEN MILLION DOLLARS, WOULD THAT HAVE BEEN WITHIN YOUR UNDERSTANDING OF THE AGREEMENT THAT YOU HAD WITH MR. PRATT?

A I WOULD HAVE TRUSTED WAYNE TO DO THE RIGHT DEAL. I MEAN, THAT'S PART OF THE DEAL.

Q AND HE WOULD NOT HAVE HAD TO CONSULT WITH YOU BEFORE LOWERING THE PRICE?

A I MEAN, IF IT WAS ONLY TWO HUNDRED AND FIFTY THOUSAND DOLLARS, I THINK HE KNOWS ME WELL ENOUGH I WOULDN'T HAVE BEEN ARGUING FOR AN EXTRA HUNDRED AND TWENTY-FIVE THOUSAND DOLLARS. WE'RE NOT NICKEL AND DIME KIND OF--

Q MR. PRATT DID NOT SEEK YOUR CONSENT TO USE BROKERS, IF YOU WILL, OR - WITH MR. REESE OR MR. TILLOU. IS THAT CORRECT?

1 A NO. I DON'T EVEN KNOW WHO MR. REESE IS. I KNOW HE'S - WAS
2 INVOLVED SOMEHOW, BUT I DIDN'T KNOW HE WAS A BROKER.

3 Q WHEN DID YOU FIRST LEARN OF THE POTENTIAL SALE TO THE
4 NATIONAL CONSTITUTION CENTER?

5 A LIKE I JUST SAID, I BELIEVE IT WAS A COUPLE MONTHS BEFORE
6 THE WHOLE THING BLEW UP. I DON'T - I DON'T KNOW WHAT THE DATE WAS.

7 Q I'M GOING TO SHOW YOU WHAT'S GOING TO BE MARKED
8 GOVERNMENT'S EXHIBIT 6.

9 MR. NEWBY: AND IF YOU WOULD, IF WE COULD USE 6a THROUGH -

10 BECAUSE THERE ARE SEVERAL DOCUMENTS THERE - THIS WOULD
11 BE 6a, 6b, 6c, 6d, 6e, f, g, h, i, j, k.

12 (THEREUPON, THE DOCUMENTS REFERRED
13 TO BELOW WERE MARKED AS PLAINTIFF'S
14 EXHIBITS 6a - 6q - ROBERT MATTHEWS
15 DEPOSITION - FOR IDENTIFICATION.)

16 (THEREUPON, WITNESS REVIEWS DOCUMENTS.)

17 MR. STRATTON: THIS WAS DUPLICATED. THERE'S TWO OF THESE IN
18 THAT. DID YOU NOTICE THAT?

19 MR. NEWBY: YEAH, THE - THE - THE REASON THAT IT'S DUPLICATED IS
20 BECAUSE IT WAS DUPLICATED IN THE FIRST -

21 MR. STRATTON: DO YOU WANT TO HAVE IT MARKED?

22 MR. NEWBY: YEAH, THE - THE - THE LETTER - THE ORIGINAL LETTER USES

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AS EXHIBITS 6a THROUGH - ALL THE UP UNTIL THE - THE BILL OF
SALE SO, IT WAS INTENTIONALLY DUPLICATED.

MR. STRATTON: WELL, YOU KNOW WHAT, PUT THIS - THAT - YEAH, PUT
THAT ON THERE BECAUSE THAT'S - THAT WAS THE ORDER IT WAS
IN. YEAH.

THESE ARE ALL - THESE ARE ALL DOCUMENTS FROM STEVE HARMELIN
FROM YESTERDAY, THE LAWYER FOR THE CONSTITUTION
SOCIETY.

WITNESS: IS THAT WHO THIS IS? OH, SO THIS IS HARMELIN. OKAY.

MR. STRATTON: YEAH. THEY WERE ALL PRODUCED YESTERDAY.

COURT REPORTER: I THINK I'M MISSING - IS THIS -

MR. STRATTON: YEAH, THAT'S ONE DOCUMENT. ALL ONE, YEAH. AND
NOW WE GO TO HERE. OKAY.

MR. NEWBY: LET ME SEE THE ONES THAT YOU'VE ALREADY DONE AND BE
SURE THEY'RE IN THE SAME ORDER AS THE ONES WE'VE GOT.

COURT REPORTER: OKAY. THE WITNESS HAS SOME

MR. NEWBY: HE'S GOT SOME

WITNESS: OH, I'M SORRY. I WAS JUST GOING TO READ THEM.

MR. NEWBY: YEAH. IF YOU'LL GIVE THEM TO ME AND LET ME BE SURE I'VE
GOT THESE IN THE SAME ORDER, IT'LL MAKE THINGS GO MORE
SMOOTHLY.

(THEREUPON, MR. NEWBY CHECKS EXHIBIT.)

1 MR. NEWBY: OFF THE RECORD.

2 (THEREUPON, THERE WAS AN
3 OFF-THE-RECORD DISCUSSION
4 WHICH WAS NOT REPORTED
5 BY THE COURT REPORTER
6 REGARDING EXHIBIT 6.)

7 MR. NEWBY: WE'LL GO ON THE RECORD.

8 WITNESS: I READ THEM ALL

9 MR. NEWBY: OKAY. LET ME SET IT UP AND YOU--

10 MR. STRATTON: YEAH, THAT'S FINE. THEN WE CAN STIPULATE

11 MR. NEWBY: OKAY.

12 DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

13 Q MR. MATTHEWS, I HAVE HANDED YOU A SET OF EXHIBITS ALL
14 BEGINNING WITH THE NUMBER 6 AND ALPHABETICALLY NUMBERED BEYOND
15 THAT. YOU WERE NOT PRESENT YESTERDAY, BUT THESE WERE DOCUMENTS
16 THAT WERE SUBMITTED BY A MR. HARMELIN, WHO INDICATED THAT THESE
17 DOCUMENTS WERE ALL PART OF A PROPOSED CLOSING THAT - OR SALE, CLOSING
18 THAT WAS TO TAKE PLACE BETWEEN MR. PRATT AND THE NATIONAL
19 CONSTITUTION CENTER. ALL OF THESE DOCUMENTS RELATED TO THAT
20 PROPOSED SALE. MY - MY QUESTION IS, DOES YOUR NAME APPEAR ANYWHERE
21 IN THOSE DOCUMENTS AS A SELLER OF THE DOCUMENT?

22 MR. STRATTON: AND - AND JUST TO MAKE THINGS EASIER, RATHER

1 THAN HAVING MY CLIENT REVIEW ALL THESE DOCUMENTS,
2 I'VE GONE THROUGH THE DOCUMENTS, AND MR. MATTHEWS' NAME DOES NOT
3 APPEAR ON ANY OF THESE DOCUMENTS. WE'RE NOT GOING
4 TO STIPULATE TO THE AUTHENTICITY OF THE DOCUMENTS, BUT
5 WE WILL STIPULATE ABSOLUTELY THAT MR. MATTHEWS' NAME
6 DOES NOT APPEAR ON ANY OF THESE DOCUMENTS, WHICH HAVE
7 JUST BEEN MARKED AS 6a THROUGH WHATEVER

8 Q (BY MR. NEWBY) MR. MATTHEWS, THE FACT THAT YOUR NAME
9 DOES NOT APPEAR ON ANY OF THESE CLOSING DOCUMENTS, IS THAT
10 CONSISTENT WITH YOUR RELATIONSHIP WITH MR. PRATT?

11 A YES.

12 Q WERE YOU AWARE THAT THE CLOSING WAS TO TAKE PLACE ON
13 MARCH THE 18TH?

14 A NO.

15 Q WITH REGARD TO YOUR RELATIONSHIP WITH MR. PRATT
16 CONCERNING THE DEFENDANT BILL OF RIGHTS, IS IT TRUE THAT THERE IS NO
17 DOCU - NO WRITTEN DOCUMENT THAT DEFINES THE TERMS OF YOUR
18 RELATIONSHIP?

19 MR. STRATTON: OBJECTION.

20 A NO, THAT'S NOT TRUE.

21 Q WHAT WRITTEN DOCUMENT WOULD DEFINE THE TERMS OF YOUR
22 RELATIONSHIP?

1 A THE ONE I TOLD YOU ABOUT EARLIER

2 Q IS THAT A DOCUMENT THAT YOU SIGNED?

3 A I DON'T THINK I SIGNED IT BECAUSE I THINK IT CAME OFF THE
4 COMPUTER

5 Q IS THAT A DOCUMENT THAT HE SIGNED?

6 A I DON'T THINK YOU CAN SIGN A DOCUMENT IF IT'S ON THE
7 COMPUTER. IT'S JUST - IT WAS A PRINTOUT THAT SAID DOCUMENT,
8 FIFTY PERCENT, BOB MATTHEWS, FIFTY PERCENT, WAYNE PRATT, AND MY CHECK
9 THAT I GAVE THEM TO SHOW THEM THAT I BOUGHT IT. I MEAN, BESIDES THE
10 CHECK AND THAT DOCUMENT AND A TWENTY-YEAR RELATIONSHIP WITH WAYNE
11 PRATT, OTHER THAN THAT, I DON'T THINK THERE'S ANYTHING ELSE THAT SAYS I
12 OWN HALF OF IT.

13 Q IS IT TRUE THAT THERE IS NOW WRITTEN PARTNERSHIP
14 AGREEMENT WITH YOU AND MR. MATTHEWS?

15 A THE ONLY PARTNERSHIP AGREEMENT THAT I'M AWARE OF IS THE
16 ONE THAT SHOWS THE FIFTY PERCENT OWNERSHIP THAT WAS PUT ON THE
17 COMPUTER WHEN I GAVE THE CHECK. AND I DON'T THINK THERE'S ANYTHING
18 ELSE WRITTEN. BUT THE PEOPLE THAT WORK FOR HIM AND HIM, THEY - THEY
19 ALL KNOW THE DEAL. MARY BETH KNOWS THAT I BOUGHT HALF OF IT. AND HE
20 KNOWS I BOUGHT HALF OF IT.

21 Q IS THERE A - ANY WRITINGS SIGNED BY BOTH YOU AND
22 MR. MATTHEWS - MR. PRATT THAT SET FORTH THE TERMS OF YOUR

RELATIONSHIP?

A EXCEPT FOR THAT PIECE OF PAPER THAT I DON'T HAVE

Q IS THERE ANY DOCUMENT SIGNED BY YOU AND MR. PRATT THAT
SETS FORTH THE TERMS OF YOUR RELATIONSHIP?

A I DON'T BELIEVE SO, UNLESS THAT ONE'S SIGNED. I DON'T
REMEMBER. I ONLY SAW IT BRIEFLY.

Q DID - DID YOU SIGN IT?

MR. STRATTON: WITH - WITH THAT QUALIFICATION, THAT ONLY
QUALIFICATION

A CH, I - UNLESS I SIGNED IT WAY BACK. I DON'T THINK IT WAS
SIGNED. MY RECOLLECTION IS, IT WASN'T SIGNED.

Q SO, YOUR RECOLLECTION IS THAT THERE IS NO SIGN - NO
DOCUMENT SIGNED BY YOU AND MR. PRATT THAT SETS FORTH THE TERMS OF
YOUR RELATIONSHIP?

A RIGHT. EXCEPT FOR THE CHECK AND THE COMPUTER-GENERATED
DEAL, I DON'T THINK THERE'S ANYTHING ELSE

MR. STRATTON: WELL, I'D STIPULATE THAT THOSE ARE MORE INDICIA OF
SOME SORT OF AN AGREEMENT AS OPPOSED TO A PARTNERSHIP
AGREEMENT THAT -

MR. NEWMY: THERE -

MR. STRATTON: - I - I KNOW WHAT YOU'RE TRYING TO DRIVE AT.

WITNESS: I'M TRYING TO ANSWER IT AS BEST I CAN.

1 Q (BY MR. NEWBY) WELL--

2 MR. STRATTON: BUT I JUST DON'T WANT TO-- WHAT WE DON'T WANT TO
3 DO IS, WE DON'T WANT TO AGREE THAT THERE AREN'T INDICIA
4 THAT--

5 Q (BY MR. NEWBY) DID-- DID-- DID YOU SIGN A PARTNERSHIP
6 AGREEMENT WITH MR. PRATT?

7 A NO

8 Q DID YOU AT ANY POINT HAVE A SECURITY AGREEMENT IN
9 WRITING WITH MR. PRATT OR W.P.I.?

10 A NO

11 Q AT ANY POINT IN TIME DID YOU RECEIVE A BILL OF SALE WITH
12 YOUR NAME REGARDING THIS COPY OF THE BILL OF RIGHTS?

13 A NO

14 Q YOU PREVIOUSLY TESTIFIED THAT YOUR CHECK CAME FROM FIRST
15 NEW HAV - HAVEN CAPITAL CORPORATION. WHO WOULD DETERMINE WHAT
16 DEPOSITS AND WHAT WITHDRAWALS WERE ATTRIBUTABLE TO EACH OF YOUR
17 CORPORATIONS?

18 A WELL, ULTIMATELY, I WOULD.

19 Q DO YOU HAVE A BOOKKEEPER OR AN ACCOUNTANT OR SOMEONE
20 WHO MAKES AN INITIAL DETERMINATION AS TO EACH DEPOSIT AND
21 WITHDRAWAL AS TO WHICH ENTITY TO ATTRIBUTE THAT TO?

22 A YEAH. IN THIS CASE, IT'S VERY EASY. IT'S AN ANTIQUE, SO IT

1 WOULD BE PERSONAL. THERE'S NO QUESTION. IT'S BEEN THAT WAY FOR
2 TWENTY YEARS.

3 Q WHO - WHO WOULD BE THE PERSON WHO INITIALLY MAKES THAT
4 DETERMINATION?

5 A WELL, I MADE IT. MY BOOKKEEPER KNOWS THAT I BUY ANTIQUES,
6 AND THAT THEY'RE PERSONAL. AND, YOU KNOW, THAT'S WHAT I TOLD THEM AND
7 THAT'S HOW IT'S BEEN FOR TWENTY YEARS.

8 Q SO, IS THE BOOKKEEPER A - AN EMPLOYEE OF FIRST NEW HAVEN
9 CAPITAL CORPORATION, OR DOES - DO YOU ALLOW AN ACCOUNTING FIRM TO DO
10 THAT?

11 A WELL, I'M NOT SURE I UNDERSTAND THE QUESTION.
12 MR. STRATTON: DO YOU HAVE A BOOKKEEPER THAT YOU EMPLOY?

13 A I HAVE A BOOKKEEPER, YES.

14 Q (BY MR. NEASEY) AND IS THAT BOOKKEEPER EMPLOYED BY FIRST
15 NEW HAVEN CAPITAL CORPORATION?

16 A I BELIEVE HE'S A MATTHEWS VENTURES HOLDINGS EMPLOYEE.

17 Q NOW, YOU FILED A VERIFIED STATEMENT OF INTEREST IN THIS
18 CASE, IS THAT CORRECT?

19 A YES, IT IS.

20 Q AND IN THAT VERIFIED STATEMENT OF INTEREST, DID YOU STATE
21 THAT YOU DENIED THAT IT IS - THAT THE SEIZED DOCUMENT REFERRED TO IN
22 THE CAPTION OF THIS PROCEEDING IS NOW OR EVER HAS BEEN PROPERTY OF THE

STATE OF NORTH CAROLINA?

A YEAH. I - ACTUALLY, HUBIE SANTOS, MY OTHER ATTORNEY, I THINK, CALLED ME WHEN THERE WAS A DAY LEFT OR MAYBE TWO DAYS LEFT TO FILE IF YOU HAD AN INTEREST IN THE DOCUMENT. AND SO I BELIEVE HE CALLED UP PAUL NEWBY - I BELIEVE HE CALLED UP YOU OR SOMEBODY - I'M NOT SURE - AND HAD THEM FAX WHAT WAYNE PRATT'S WAS. AND WE PRETTY MUCH AS COPIED WAYNE'S. WE TOOK IT UP AND I - I MARKED IT UP.

WITNESS: I DON'T THINK I DID IT WITH YOU. I THINK I MARKED IT UP WITH EITHER HUBIE -

MR. STRATTON: IF YOU'D JUST -

WITNESS: - OR MY OTHER LAWYER

MR. STRATTON: ALL RIGHT. I'M GOING TO - I'M GOING TO STOP THE - STOP THE ANSWER RIGHT NOW BECAUSE YOU'RE GETTING INTO ATTORNEY-CLIENT PRIVILEGE. I DON'T WANT YOU TO WAIVE THE ATTORNEY-CLIENT PRIVILEGE

WITNESS: OKAY.

MR. STRATTON: OKAY. AND YOU'RE - YOU'RE GETTING CLOSE BUT YOUR CONVERSATIONS WITH YOU AND HUBIE, YOU AND OTHER ATTORNEYS -

WITNESS: OKAY.

MR. STRATTON: - YOU DON'T - YOU DON'T WANT TO GET INTO THAT.

WITNESS: OKAY.

1 Q (BY MR. NEWBY) DO YOU STILL DENY THAT THE DOCUMENT NOW
2 OR EVER HAS BEEN THE PROPERTY OF THE STATE OF NORTH CAROLINA?

3 A THE BOTTOM LINE IS, I THINK THE STATEMENT, WHEN I WROTE IT,
4 FROM MY KNOWLEDGE, WHICH IS LIMITED - I'M NOT AN EXPERT - I DON'T KNOW
5 WHOSE DOCUMENT IT REALLY IS. AND THAT'S WHY I WANTED THE COURT TO
6 DECIDE. I DON'T KNOW IF IT REALLY WAS NORTH CAROLINA'S.

7 I ASKED MARY BETH THE OTHER DAY OFF THE RECORD, "IS THIS REALLY
8 NORTH CAROLINA'S?" AND SHE SAID, "THERE'S TWO LETTERS THAT SOME
9 EXPERT SAID IT WAS." BUT IN HER HEART OF HEARTS, SHE DOESN'T BELIEVE IT
10 IS NORTH CAROLINA'S. SHE THINKS IT'S ANOTHER STATE'S. SO, I REALLY DON'T
11 KNOW WHOSE IT IS. I KNOW I LEGITIMATELY TRIED TO BUY HALF OF IT. AND, YOU
12 KNOW, IN MY MIND, I, YOU KNOW, GAVE A HUNDRED THOUSAND DOLLARS
13 (\$100,000.00) AND TOOK A CHANCE. IT COULD HAVE BEEN A FAKE. I HAVE NO
14 IDEA.

15 Q IF IN OPEN COURT YOUR ATTORNEY INDICATED THAT HE BELIEVED
16 THE DOCUMENT TO HAVE BEEN NORTH CAROLINA'S ORIGINAL COPY OF THE BILL
17 OF RIGHTS, WOULD YOU CONCEDE TO THAT?

18 A I MEAN, I WOULDN'T BECAUSE I DON'T THINK MIKE REALLY HAS
19 BEEN INVOLVED. I MEAN, I TALKED TO THE GUYS THAT SUPPOSEDLY DID A
20 THOUSAND PAGES OF INVESTIGATIVE WORK ON IT, ME AND MARY BETH.
21 SO, I DON'T KNOW IF HE'S - IF HE SAID THAT IN OPEN COURT, IF HE WAS - YOU
22 KNOW, IF HE WAS IN THE HEAT OF THE MOMENT OR WHATEVER, I REALLY DON'T -

1 I DON'T KNOW HOW HE COULD MAKE THE DECISION BECAUSE HE HASN'T LOOKED
2 AT IT. HE'S NOT AN EXPERT. HE'D HAVE TO HIRE AN EXPERT TO LOOK AT IT AND
3 FIGURE IT OUT. I MEAN, I THINK IT'S A LITTLE BIT MORE COMPLICATED.

4 MR. NEWBY: LET'S GO OFF THE RECORD FOR JUST A MINUTE, PLEASE

5 (THEREUPON, A BREAK WAS TAKEN
6 FROM 4:13 P.M. TO 4:14 P.M.)
7

8 MR. NEWBY: OKAY. I'M READY.

9 DIRECT EXAMINATION BY MR. NEWBY CONTINUES:

10 Q WHEN DID YOU FIRST LEARN OF THE ATTEMPTED TRANSACTION
11 ON MARCH THE 18TH?

12 A WAYNE PRATT WAS ON A SKI TRIP, AND HE CALLED ME UP AND
13 SAID, BOB, REMEMBER, I TOLD YOU WE WERE GOING TO SELL THAT TO A
14 MUSEUM? WELL, THE F.B.I. CAME IN AND THE - THE AGENT WASN'T A REAL
15 AGENT. THEY PRETENDED THERE WAS AN INVESTOR, AND THEY JUST SEIZED THE
16 DOCUMENT, WHICH, INCIDENTALLY, IS THE FIRST TIME THAT I REALLY KNEW IN
17 MY HEART THAT THAT WAS AN ORIGINAL BILL OF RIGHTS, ONLY AT THAT POINT.

18 Q DO YOU KNOW HOW MANY DAYS AFTER MARCH 18TH THAT WAS
19 THAT YOU RECEIVED THAT PHONE CALL?

20 A OH, I THINK IT WAS - IT COULD HAVE BEEN ON MARCH 18TH, AND
21 IT COULD HAVE BEEN THE NEXT DAY. I THOUGHT IT - I THOUGHT IT WAS VERY
22 SOON BECAUSE HE SAID IT JUST HAPPENED. SO, I - MAYBE IT WAS THE NEXT

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DAY, BUT I ACTUALLY THOUGHT IT MIGHT HAVE EVEN BEEN THAT DAY.

Q BUT YOU'RE NOT SURE?

A I'M NOT SURE

Q ALL RIGHT. NOW, THE DOCUMENTS THAT YOU PRODUCED
PURSUANT TO THE SUBPOENA—

MR. NEWBY: DID—DID WE MARK THESE ALREADY?

VIDEOGRAPHER: OFF THE RECORD.

MR. NEWBY: YES.

(THEREUPON, THERE WAS AN
OFF-THE-RECORD DISCUSSION
WHICH WAS NOT REPORTED
BY THE COURT REPORTER)

MR. NEWBY: OKAY. BACK ON THE RECORD.

Q (BY MR. NEWBY) OKAY. WHEN DID YOU COME INTO POSSESSION
OF THE DOCUMENTS THAT HAVE BEEN LABELED EXHIBIT 1, THE GROUP OF
DOCUMENTS?

A AS I SAID BEFORE, IT WAS EITHER THE NEXT DAY OR THE DAY
AFTER THAT. IN OTHER WORDS, ONE DAY OR TWO DAYS LATER AFTER THE
DOCUMENT WAS SEIZED, I WENT OVER TO MARY BETH AND, YOU KNOW,
BASICALLY SAID, "WHAT THE HELL'S GOING ON?" AND, YOU KNOW, I SAID, "I
THOUGHT YOU HIRED THIS GUY, JOHN RICHARDSON, TO MAKE SURE EVERYTHING
WAS DONE RIGHT. HE DID A THOUSAND PAGES OF, YOU KNOW, HOMEWORK ON

THIS. AND--AND I'M SURE I WAS UPSET. AND THAT'S WHEN SHE SHOWED ME
THESE

Q AND GAVE YOU COPIES OF THESE, I ASSUME?

A YES.

Q AND CAN YOU IDENTIFY WHAT THE FIRST DOCUMENT IS?

A IT LOOKS LIKE AN ENGAGEMENT LETTER FROM JOHN RICHARDSON
IN '95.

Q AND DOES YOUR NAME APPEAR ANYWHERE IN THAT DOCUMENT?

A **NO**

Q AND THE ENGAGEMENT LETTER IS TO WAYNE PRATT OR WAYNE PRATT, INC., IS THAT CORRECT?

A YES.

Q THE SECOND DOCUMENT, CAN YOU TELL ME WHAT THAT IS?

A. LOOKS LIKE AN UNSIGNED LETTER FROM WAYNE PRATT.

Q TOMR TILLOU?

A YES.

Q DOES MR. PRATT MAKE ANY REFERENCES IN THAT LETTER TO YOU
BEING INVOLVED IN THE PURCHASE OF THE DOCUMENT?

A. NO

Q CAN YOU TELL ME WHAT THE NEXT LETTER IS?

A LOOKS LIKE A LEGAL BILL FROM JOHN RICHARDSON.

Q TOMR PRATT AND WAYNE PRATT, INC.?

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A TRUE

Q DOES YOUR - YOUR NAME APPEAR ANYWHERE IN THAT DOCUMENT?

A NO

Q OKAY. CAN YOU TELL ME WHAT THE NEXT DOCUMENT IS?

A I DON'T KNOW. IT LOOKS LIKE SOMEBODY WROTE SOME KIND OF AN AGREEMENT ON WHAT WOULD HAPPEN IF IT WAS SOLD.

Q AND THIS WAS GIVEN TO YOU AT THE SAME TIME ALL THESE OTHER DOCUMENTS WERE GIVEN TO YOU?

A YES.

Q BY MARY BETH KEENE?

A YES.

Q AND DID SHE REPRESENT TO YOU WHAT THESE FIGURES INDICATED?

A I MEAN, I THINK WE TALKED ABOUT THE LAWYER. I THINK I WAS PROBABLY GOING ON ABOUT HOW RIDICULOUS I THOUGHT IT WAS THAT THE LAWYER WAS GOING TO MAKE TWO AND A HALF MILLION DOLLARS AND HOW I HOPED THAT HIS THIRTY PERCENT CAME OUT OF WAYNE'S PART AND NOT OUT OF MY - MY HALF. AND I'M SURE I WAS PROBABLY BITCHING ABOUT PETER TILLOU GETTING A MILLION DOLLARS.

Q DID SHE AT THAT POINT - I MEAN, HOW DID THIS DOCUMENT COME TO BE GENERATED?

1 A I HAVENOTIDEA.

2 Q SO, THIS IS SOMETHING THAT SHE JUST HAD SOMEWHERE AND
3 SHOWED TO YOU?

4 A YEAH. SHE HAD IT THERE AND SHE GAVE IT TO ME.

5 Q DID SHE GO OVER IT WITH YOU?

6 A TO THE EXTENT THAT I WAS COMPLAINING ABOUT RICHARDSON'S
7 FEES.

8 Q WHAT'S THE NEXT DOCUMENT?

9 A LOOKS LIKE ANOTHER ENGAGEMENT LETTER WHEN JOHN
10 RICHARDSON MOVED FIRMS.

11 Q AND GOING BACK TO THE DOCUMENT WITH THE FINANCIAL
12 FIGURES ON IT, DO YOU SEE A BREAKDOWN WITH REGARD TO PERCENTAGES AT
13 THE BOTTOM?

14 A NO.

15 Q AND THEN THE FINAL TWO DOCUMENTS, WHAT ARE THEY?

16 A AN ARTICLE SHE GAVE ME TO TELL ME ABOUT THIS GUY, SETH
17 KALLER, AND THIS WHOLE CONSTITUTION CENTER, WHAT WAS GOING ON.

18 Q AND THAT IS THE FIRST TIME YOU'D SEEN ANY OF THESE
19 DOCUMENTS?

20 A YES.

21 MR. NEWBY: GO OFF THE RECORD, PLEASE

22 (THEREUPON, THERE WAS AN

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OFF-THE-RECORD DISCUSSION
WHICH WAS NOT REPORTED
BY THE COURT REPORTER)

MR. NEWBY: OKAY. THAT'S ALL FOR THE GOVERNMENT AT THIS POINT.

MR. STRATTON: OKAY. ANYBODY ELSE WANT TO GO?

MR. KELLEY: I DON'T HAVE ANY QUESTIONS AT THIS TIME, BUT THE
STATE WOULD RESERVE THE RIGHT TO DEPOSE MR. MATTHEWS
AT A LATER DATE ON ISSUES OUTSIDE THE SCOPE OF THIS
DEPOSITION, IF NECESSARY.

MR. STRATTON: ABSOLUTELY.

MR. GALVIN: I HAVE SOME QUESTIONS BUT I'M DYING TO GO TO THE
BATHROOM. CAN WE TAKE TEN MINUTE BREAK?

(THEREUPON, A BREAK WAS TAKEN
FROM 4:21 P.M. TO 4:31 P.M.)

MR. GALVIN: GOOD AFTERNOON, MR. MATTHEWS. MY NAME IS MICHAEL
GALVIN. I'M ONE OF THE ATTORNEYS FOR WAYNE PRATT. JUST A
FEW QUESTIONS TO FOLLOW UP WITH MR. NEWBY'S
EXAMINATION.

CROSS-EXAMINATION BY MR. GALVIN:

Q MY UNDERSTANDING OF THE BASIS OF YOUR CLAIM IN THIS CASE
IS THAT YOU ALLEGE AN OWNERSHIP INTEREST IN THE DEFENDANT, IS THAT
CORRECT?

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1 A YES, A FIFTY PERCENT ONE

2 Q WHAT'S YOUR BASIS FOR THAT?

3 A A HUNDRED THOUSAND DOLLARS - MY BASIS IS A HUNDRED
4 THOUSAND DOLLARS (\$100,000.00) THAT I PAID.

5 Q ANYTHING OTHER THAN THE HUNDRED THOUSAND DOLLARS
6 (\$100,000.00)?

7 MR. STRATTON: OBJECTION TO THE QUESTION. IT'S BROAD, AMBIGUOUS.

8 A NO, THE - THE CONSIDERATION WAS THE MONEY, THE HUNDRED
9 THOUSAND DOLLARS (\$100,000.00).

10 Q (BY MR. GALVIN) AND IT'S BASED ON - ON - ON THIS THAT
11 YOU'RE - YOU FILED THE VERIFIED STATEMENT OF INTEREST CLAIMING AN
12 OWNERSHIP INTEREST IN THE DOCUMENT, JUST SO I'M CLEAR?

13 A YES.

14 Q HAVE YOU EVER DENIED THAT YOU HAD AN OWNERSHIP INTEREST
15 IN THIS DOCUMENT?

16 MR. STRATTON: I OBJECT TO THE QUESTION. MR. GALVIN, WHAT -

17 WHAT - ON WHAT PLEADING OR WHAT BASIS -

18 MR. GALVIN: I'M ASKING A DIRECT QUESTION.

19 MR. STRATTON: -ARE YOU ASKING THESE QUESTIONS?

20 MR. GALVIN: I'M ASKING HIM A DIRECT QUESTION.

21 MR. STRATTON: ON WHAT PLEADING OR BASIS DOES YOUR CLIENT HAVE
22 A RIGHT TO ASK THESE QUESTIONS OF MR. MATTHEWS?

MR GALVIN: WE'RE A PARTY TO THIS CASE AND I'D PREFER AN ANSWER,
UNLESS YOU'RE INSTRUCTING HIM NOT TO ANSWER THE
QUESTION. AND IF YOU ARE, I'M GOING TO THE JUDGE

MR STRATTON: WHAT'S - WHAT'S - WHAT'S THE BASIS? WHAT'S -
WHAT'S THE -

MR GALVIN: I DON'T HAVE TO EXPLAIN THE BASIS FOR IT. ARE YOU
INSTRUCTING YOUR CLIENT NOT TO ANSWER?

MR STRATTON: IS THIS - IS - IS THE BASIS - IS THE BASIS SOME DEAL
THAT YOU HAVE ON THE CRIMINAL SIDE THAT YOU'RE TRYING TO
GAIN AN ADVANTAGE IN THE CRIMINAL ACTION BY - BY PUTTING
MY CLIENT AT A DISADVANTAGE IN THE CIVIL ACTION, BECAUSE IF
THAT'S WHAT YOU'RE DOING, MR GALVIN, YOU'RE GOING TO GET
GRIEVED. YOU UNDERSTAND ME?

MR GALVIN: ARE YOU INSTRUCTING YOUR CLIENT NOT TO ANSWER?

MR STRATTON: YOU ANSWER MY QUESTION, FIRST.

MR GALVIN: NO. ARE YOU INSTRUCTING YOUR CLIENT NOT TO ANSWER?

MR STRATTON: ARE YOU MOVING TO HAVE MR. MATTHEWS' CLAIM
DISMISSED?

MR GALVIN: ARE YOU INSTRUCTING YOUR CLIENT NOT TO ANSWER THE
QUESTION?

MR STRATTON: YES, I AM.

MR GALVIN: OKAY. CAN WE - WELL, I'M GOING TO NOTE MY OBJECTION

1 **HERE WHY DON'T WE TAKE A BREAK AND I'LL COME BACK ON THE**
2 **RECORD.**

3 **(THEREUPON, A BREAK WAS TAKEN**
4 **FROM 4:33 P.M. TO 4:39 P.M.)**

5 **MIR GALVIN: BACK ON THE RECORD. I HAVE LOCAL COUNSEL WITH ME,**
6 **HUGH STEVENS, WHO WOULD LIKE TO MAKE A STATEMENT.**

7 **MIR STEVENS: LET ME JUST SAY SOMETHING FOR THE RECORD,**
8 **MIR STRATTON. REALIZING THAT YOU ARE NOT FAMILIAR WITH**
9 **THE RULES AND TRADITIONS AND PRACTICES IN THIS DISTRICT, I**
10 **WANT TO SAY FOR THE RECORD THAT THE KIND OF SPEAKING**
11 **OBJECTIONS, AND OBJECTIONS - INSTRUCTIONS CLOAKED IN THE**
12 **GUISE OF OBJECTIONS THAT YOU WERE MAKING BEFORE ARE**
13 **CLEARLY IMPROPER IN THIS DISTRICT.**

14 **IT'S ALSO CONSIDERED TO BE IMPROPER FOR A LAWYER TO CONSULT**
15 **WITH OR DISCUSS THE SUBSTANCE OF TESTIMONY WITH A**
16 **WITNESS WHILE A DEPOSITION IS IN PROGRESS. AND FOR THAT**
17 **REASON, WE CONSIDER THAT THE OBJECTIONS THAT YOU MADE**
18 **BEFORE ARE NOT ONLY IMPROPER IN TERMS OF THEIR MERIT, BUT**
19 **ARE FRAMED IN A WAY THAT IS NOT CONSISTENT WITH THE**
20 **PRACTICE IN THIS DISTRICT.**

21 **AND IF YOU ARE GOING TO MAKE OBJECTIONS IN THE FUTURE, I WOULD**
22 **REQUEST THAT YOU MAKE THEM IN A PROPER, NEUTRAL FORM.**

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1 SO, THAT'S ALL I WANT TO SAY AS LOCAL COUNSEL. I THINK
2 EVERYONE WHO'S PRACTICED IN THIS DISTRICT IS FAMILIAR
3 WITH THE - THE WAY WE GENERALLY CONDUCT DEPOSITIONS
4 HERE

5 MR. STRATTON: I'M RATHER SURPRISED BECAUSE I - I HAVEN'T HAD
6 ANYBODY COMPLAIN ABOUT MY OBJECTIONS UNTIL NOW. I - I
7 CERTAINLY WOULD HAVE TAKEN ANYBODY'S COMPLAINTS ABOUT
8 MY OBJECTIONS VERY SERIOUSLY, IF - IF - UP TO THIS POINT
9 IN THE DEPOSITION, AFTER AN HOUR AND A HALF, SOMEBODY HAD
10 SAID, MR. STRATTON, WE FIND YOUR CONDUCT TO BE IMPROPER, I
11 WOULD HAVE BEEN VERY THOUGHTFULLY - THOUGHTFULLY
12 CONSIDERED MY POSITION, AND - AND - AND PERHAPS DONE
13 SOMETHING DIFFERENT.

14 BUT I DON'T - I DON'T RECALL DOING ANYTHING IMPROPER OR IN
15 VIOLATION OF THE FEDERAL RULES OF CIVIL PROCEDURE AND
16 THERE'S NO LOCAL RULES THAT ARE ANY DIFFERENT THAN THE
17 FEDERAL RULES OF CIVIL PROCEDURE IN THE EASTERN DISTRICT
18 OF NORTH CAROLINA, BECAUSE I'M VERY FAMILIAR WITH THOSE
19 RULES, AND I HAVE A COPY SITTING ON MY DESK

20 SO MY ONLY OBJECTION THAT I THINK YOU OBJECT TO IS THE FACT I'M
21 NOT GOING TO ALLOW MR. GALVIN TO ASK QUESTIONS OF
22 MY CLIENT.

***** 1 *****

THE A. J. ROSENBERG

MR. STEVENS: NOW, LET ME SAY - LET ME SAY, IT'S NOT - IT'S NOT THAT. IT - IT'S THE - IT IS THE - IT IS THE MANNER IN WHICH YOU PROPOUNDED YOUR PROPOSED OBJECTIONS AND MADE OTHER STATEMENTS ON THE RECORD, WHICH WE CONSIDER TO BE IMPROPER AND NOT DONE IN - IN ACCORDANCE WITH THE PRACTICE IN THIS DISTRICT.

MR STRATTON: WHICH-WHICH ONES?

MR GALVIN: WELL, LET - LET'S - LET'S BACK UP.

MR. STEVENS: LET'S GO AHEAD. LET'S—

MR. STRATTON: WELL, NEVERMIND. WHICH ONES?

WITNESS: WELL, WHATEVER YOU DID - WHATEVER, JUST - LET'S JUST
FINISH THIS CIVILY AND-

MR STRATTON: LET'S GO AHEAD, THEN.

MR GALVIN: WHY DON'T WE START AGAIN.

CROSS-EXAMINATION BY MR. GALVIN CONTINUES:

Q THE BASIS FOR THE CLAIM THAT YOU'VE TAKEN IN YOUR VERIFIED STATEMENT IS YOUR ALLEGED OWNERSHIP CLAIM IN THE DEFENDANT, IS THAT RIGHT?

MR. STRATTON: OBJECTION. IT'S NOT BEEN ALLEGED IN THE--ON THE VERIFIED STATEMENT OF INTEREST.

A | I DON'T THINK THERE'S ANY QUESTION ABOUT I BOUGHT—

Q CAN YOU ANSWER THE QUESTION?

1 A —FIFTY PERCENT OF THE BILL OF RIGHTS. I DON'T — REALLY DON'T
2 THINK IT'S A QUESTION. I MEAN, DID I — WAS I INVESTOR WHEN I DID IT? YES.
3 DID I, YOU KNOW, RUN WITH THE DOCUMENT? DID I SIGN THE BILL OF SALE? DID
4 I DO ANY OF THAT? NO, JUST LIKE I NEVER DID ANY OF THE STUFF WITH WAYNE
5 WHEN HE ASKED ME THE QUESTIONS, I MADE IT CLEAR. I MEAN, I'M — I'M — I'M A
6 PASSIVE INVESTOR IN THE SENSE THAT I INVESTED FIFTY PERCENT IN IT, BUT I
7 DIDN'T TELL WAYNE WHEN TO SELL IT OR WHO TO SHOW IT TO OR WHO AN
8 EXPERT IS OR ANYTHING LIKE THAT.

9 Q OKAY. AND PART OF YOUR CLAIM IS ALSO THAT YOU HAVE AN
10 OWNERSHIP INTEREST IN THE DOCUMENT AT THIS TIME?

11 A YES, BECAUSE WHEN WE DID THE DEAL, HE GAVE ME A PIECE OF —
12 THERE WAS A COMPUTER PAPER THAT SAID DOCUMENT, FIFTY PERCENT, BOB,
13 FIFTY PERCENT, WAYNE—

14 Q MY QUES — THANK YOU.

15 A —SORRY.

16 Q HAVE YOU EVER TOLD ANYONE THAT YOU DON'T — DO NOT HAVE
17 AN OWNERSHIP INTEREST IN THIS DOCUMENT?

18 A I TOLD WAYNE, AND I CAME DOWN HERE FURTHER WITH THIS
19 GENTLEMAN.

20 Q WHICH GENTLEMAN ARE YOU REFERRING TO?

21 (THEREUPON, WITNESS POINTS.)

22 Q MR. HIGDON?

1 A MR HIGDON, SORRY.

2 Q THE RECORD SHOULD REFLECT THAT HE-- THAT HE POINTED OUT--

3 A SORRY, BOB. IF IT'S MY NAME, I CAN REMEMBER.

4 Q --ROBERT HIGDON OF THE UNITED STATES ATTORNEY'S OFFICE
5 HERE IN RALEIGH.

6 A YES--

7 MR STRATTON: WITH THE CRIMINAL DIVISION.

8 A --AND I TOLD HIM --I BELIEVE WHAT I TOLD HIM TODAY, EVEN
9 THOUGH I KNOW MORE TODAY THAN I KNEW BACK THEN. I'VE LEARNED A LOT
10 SINCE I DID THE FIRST DEPOSITION.

11 Q WHAT DID YOU TELL MR HIGDON?

12 A I TOLD HIM THAT I HAVE A FIFTY PERCENT INTEREST IN IT AND
13 THAT I INVESTED A HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00), GOT
14 BACK FIFTY THOUSAND DOLLARS (\$50,000.00), AND I HAVE HALF OF THE
15 DOCUMENT--

16 Q AND IS THAT--

17 A --BUT NOT THAT IT WAS IN MY NAME AND NOT THAT I RAN WITH
18 IT; COMPLETELY CONSISTENT WITH HOW I'VE DONE DEALS WITH WAYNE IN THE
19 PAST.

20 Q AND MY QUESTION IS, HAVE YOU TOLD PEOPLE SOMETHING
21 DIFFERENT OR THAT YOU ARE NOT AN OWNER OF THIS DOCUMENT?

22 A WELL, I THINK THAT'S FOR THE COURTS TO FIGURE OUT, IF I'M AN

OWNER. THERE'S A FINE LINE - I KNOW THAT WAYNE PRATT, INC., BOUGHT IT. I
MEAN, CONSCIOUSLY, I KNOW THAT. AND I'M NOT AN OWNER IN THAT SENSE,
THAT WAYNE PRATT, INC., BOUGHT IT WITH HIS CORPORATION AND I DIDN'T BUY
IT. IT DOESN'T SAY A BILL OF RIGHTS - I MEAN, EXCUSE MY FUN - IT DOESN'T
SAY A BILL OF SALE TO BOB MATTHEWS AND WAYNE PRATT. BUT I ALWAYS
KNEW FROM EVER THAT I GAVE A HUNDRED THOUSAND DOLLARS (\$100,000.00)
AND THAT I HAD FIFTY PERCENT OF IT. I MEAN, THAT WAS ALWAYS THE CASE

Q LET'S - LET'S SEE IF YOU CAN ANSWER THE QUESTION, THOUGH.
HAVE YOU TOLD PEOPLE THAT YOU ARE NOT AN OWNER OF THE DEFENDANT?

A I DON'T THINK I EVER SAID I DIDN'T OWN THE DEFENDANT.

Q OWN THE DOCUMENT, THE BILL OF RIGHTS?

A I THINK EVERYBODY THAT I'VE TALKED TO, I ALWAYS SAID, I HAVE
FIFTY PERCENT OF THE UP SIDE. I PUT UP A HUNDRED THOUSAND DOLLARS
(\$100,000.00). I PUT UP A HUNDRED AND FIFTY. I GOT FIFTY BACK. THAT I HAD A
HUNDRED THOUSAND DOLLARS (\$100,000.00) ON IT BUT THAT I DIDN'T LEGALLY
HAVE TITLE TO IT IN MY - YOU KNOW, IN MY NAME. I NEVER TOOK TITLE LIKE
THAT, JUST LIKE ANY OF THE OTHER THINGS WE DID.

Q DO YOU RECALL TELLING PEOPLE THAT YOU WERE NOT THE
OWNER?

A I DON'T - I - WAYNE AND I HAD AN ARGUMENT, AND MARY BETH,
AND I HAD AN ARGUMENT WHEN I WENT OVER ON THE SECOND DAY. AND I SAID,
"WHAT DID YOU GUYS GET ME INTO? I GET HALF A DOCUMENT. YOU DIDN'T

1 CHECK IT OUT?" AND I KNOW I SCREAMED AT THEM AND SAID, I'M NOT GOING
2 TO-- YOU KNOW, I DIDN'T DO ANYTHING WRONG. I'M A PASSIVE INVESTOR. YOU
3 GUYS HIRED THE LAWYER. YOU HIRED THE EXPERTS. I'VE DEPENDED ON YOU FOR
4 YOUR EXPERT OPINION ON WHAT IT IS. YOU KNOW, I DIDN'T KNOW, LIKE I SAID,
5 IT WAS EVEN ORIGINAL UNTIL THE THING GOT SEIZED.

6 Q AND DID YOU TELL MS. KEENE DURING THAT CONVERSATION THAT
7 YOU WERE NOT AN OWNER?

8 A I DON'T RECALL EVER SAYING I WASN'T AN OWNER. I ALWAYS
9 ADMITTED I WAS AN OWNER THROUGH MY INVESTMENT MONEY. I MEAN, I THINK
10 THAT WAS NEVER A QUESTION.

11 Q DO YOU RECALL TELLING MS. KEENE THAT YOU WERE NOT A
12 PARTNER IN THE DEAL?

13 A I DON'T KNOW IF I EVER TOLD HER THAT I WASN'T A PARTNER. I
14 MEAN, I THINK MARY BETH KNOWS. I TALKED TO MARY BETH FOUR DAYS AGO,
15 AND I SAID, "MARY BETH, THERE'S A DOCUMENT YOU HAVE. YOU MAKE SURE
16 YOU BRING IT DOWN THERE BECAUSE I DON'T HAVE A COPY OF IT." AND SHE
17 SAID, "OH, NO, BOB. I'LL BRING THAT DOCUMENT DOWN. DON'T WORRY." I GO,
18 "MARY BETH, IS THERE ANY QUESTION THAT I WON'T HAVE THE DOCUMENT?"
19 SHE SAID, "NO, THERE'S NO QUESTION THAT YOU WON'T HAVE THE
20 DOCUMENT, BOB."

21 Q AND WHEN WAS THIS CONVERSATION?

22 A IN THE LAST WEEK.

1 Q OKAY. LET'S BACK UP TO SHORTLY AFTER THE SEIZURE THAT
2 TOOK PLACE IN THIS CASE. DO YOU RECALL HAVING A CONVERSATION WITH
3 MS. KEENE?

4 A I RECALL YELLING, "WHAT DID YOU GUYS GET ME INTO," AND
5 BLAH, BLAH, BLAH - THE CONVERSATION I JUST REPEATED.

6 Q AND DURING THAT CONVERSATION, DO YOU RECALL TELLING
7 MS. KEENE--

8 A I DON'T--

9 Q LET ME FINISH THE QUESTION--

10 A GO AHEAD.

11 Q --AND THEN YOU CAN ANSWER. DO YOU RECALL TELLING
12 MS. KEENE THAT YOU WERE NOT A PARTNER IN THIS DEAL?

13 A I DON'T RECALL IF I EVER USED THOSE WORDS--

14 Q DO YOU--

15 A --I THINK I ALWAYS - WHEN I SPOKE TO HER, I ALWAYS SAID,
16 LOOK, I MEAN--

17 MR. STRATTON: IF THERE IS, YOU DON'T RECALL.

18 WITNESS: OKAY.

19 Q (BY MR. GALVIN) DO YOU RECALL TELLING HER THAT YOU WERE
20 ONLY AN INVESTOR IN THIS DEAL?

21 A WELL, I THINK I AM, TO THE BEST OF--

22 MR. STRATTON: DO YOU RECALL OR - DO YOU RECALL?

1 A —I THINK—I'M SURE I SAID I WAS AN INVESTOR IN THE DEAL,
2 ABSOLUTELY.

3 Q (BY MR. GALVIN) DO YOU RECALL TELLING HER THAT YOU WERE
4 ONLY AN INVESTOR AND NOT A PARTNER?

5 A NO. I THINK, IN MY MIND, IT ALWAYS WAS THE SAME. WAYNE
6 PRATT WAS IN A SENSE LIKE A GENERAL PARTNER WHERE HE RAN THE DEAL
7 AND I THINK THERE WAS NEVER ANY QUESTION—IF YOU BROUGHT MARY BETH
8 IN HERE—THAT I HAD HALF OF THE DOCUMENT. BUT DID I OWN IT? MAYBE I
9 DON'T OWN IT LEGALLY. I DON'T KNOW.

10 Q I'M JUST ASKING—I'M JUST ASKING RIGHT NOW WHAT YOU
11 RECALL TODAY HAVING TOLD MARY BETH IN THIS INITIAL CONVERSATION WHEN
12 YOU WENT TO SEE HER SHORTLY AFTER THE SEIZURE TOOK PLACE. OKAY?

13 A RIGHT.

14 Q JUST IN THAT CONVERSATION, DO YOU RECALL TELLING MARY
15 BETH THAT YOU WERE NOT A PARTNER?

16 A I DON'T RECALL EXACT—I DON'T RECALL WHAT I SAID.

17 MR. STRATTON: THAT'S ENOUGH.

18 Q (BY MR. GALVIN) DO YOU RECALL SPEAKING WITH WAYNE AT OR
19 ABOUT THAT—MR. PRATT AT OR ABOUT THAT TIME?

20 A HE WAS OUT SKIING, SO I DIDN'T SPEAK TO HIM. I SPOKE TO HIM
21 LATER ON.

22 Q WHEN?

1 A I THINK THE TIME WHEN I TALKED TO YOU ON THE TELEPHONE

2 Q WHEN WAS THIS?

3 A HE WAS THERE, WHEN I TALKED TO YOU AND YOUR SENIOR
4 PARTNER.

5 Q AND DO YOU - DO YOU RECALL HAVING A DISCUSSION WITH
6 MR. PRATT ABOUT YOUR POSITION WITH RESPECT TO YOUR ALLEGED OWNERSHIP
7 CLAIM?

8 A YEAH. AND WAYNE ALWAYS SAID, "BOB, YOU HAVE TO TELL THE
9 TRUTH." HE SAID THAT'S THE BIGGEST THING HE LEARNED ABOUT DEPOSITIONS,
10 MAKE SURE YOU TELL THE TRUTH.

11 Q AND DID - DID YOU TELL HIM THAT YOU WERE NOT AN OWNER OF
12 THIS DOCUMENT?

13 A NO. I THINK WHAT I TOLD HIM WAS THAT, WAYNE, YOU DID THIS
14 DEAL. YOU BOUGHT IT. I GAVE YOU HALF THE MONEY. YOU WERE RUNNING WITH
15 THE DEAL. AND WHAT DID YOU DRAG ME INTO WITH THIS WHOLE MESS? THAT'S
16 WHAT - THAT'S WHAT THE DISCUSSION WAS.

17 Q SO, IS THE ANSWER, NO, THAT YOU DIDN'T TELL WAYNE THAT YOU
18 WERE NOT AN OWNER?

19 A THE ANSWER IS, I DON'T REMEMBER SPECIFICALLY SAYING, "OH,
20 I'M NOT A PARTNER AND, NO, I DON'T OWN FIFTY PERCENT." I KNOW I NEVER
21 SAID I DON'T OWN FIFTY PERCENT OF IT. I KNOW THAT FOR A FACT.

22 Q YOU KNOW THAT YOU DID NOT SAY THOSE WORDS?

1 A I NEVER, EVER SAID, "I DO NOT OWN FIFTY PERCENT OF IT."

2 Q DID YOU EVER SAY THAT YOU - YOU'RE NOT A PARTNER IN THE
3 DEAL?

4 A I DON'T RECALL EVER SAYING I'M NOT A PARTNER IN THE SENSE
5 OF-

6 MR. STRATTON: THAT'S ENOUGH. YOU'VE ANSWERED.

7 Q (BY MR. GALVIN) AT ANY OTHER POINT IN TIME, DO YOU RECALL
8 TELLING ANYONE ELSE THAT YOU WERE NOT A PARTNER OR AN OWNER OF THIS
9 DOCUMENT?

10 A NO, I DON'T THINK I EVER SAID I DIDN'T OWN HALF OF IT. JUST
11 FOR THE RECORD, I ALWAYS MAINTAINED I PUT UP A HUNDRED THOUSAND
12 DOLLARS (\$100,000.00) AND HAD HALF OF IT.

13 MR. STRATTON: THAT'S ENOUGH. YOU ANSWERED THE QUESTION.

14 Q (BY MR. GALVIN) YOU MENTIONED A MEETING THAT YOU HAD
15 DOWN HERE WITH MR. HIGDON-

16 A RIGHT.

17 Q -DID YOU TELL MR. HIGDON IN THAT CONVERSATION THAT YOU
18 WERE NOT AN OWNER OF THIS DOCUMENT?

19 A I DON'T KNOW THE EXACT WORDS THAT I SAID TO MR. HIGDON
20 WHEN I CAME DOWN THE FIRST TIME

21 Q DO YOU REMEMBER TELLING MR. HIGDON THAT YOU WERE NOT A
22 PARTNER?

1 A I REMEMBER TELLING HIM THAT I HAD FIFTY PERCENT OF THE
2 UPSIDE, CLEARLY. I REMEMBER IN THE LAST TIME -- THOSE SPECIFIC WORDS ON
3 THE DOCUMENT.

4 Q LET'S JUST -- TRY TO FOCUS ON MY QUESTION. I'M JUST TRYING
5 TO FIND OUT IF YOU SAID THESE WORDS, THAT YOU WERE NOT A PARTNER IN THE
6 TRANSACTION THAT RESULTED IN THE PURCHASE

7 MR. STRATTON: IF HE RECALLS SAYING HE WAS NOT A PARTNER--

8 MR. GALVIN: YES.

9 MR. STRATTON: -- TO MR. HIGDON?

10 Q (BY MR. GALVIN) THAT'S RIGHT, IF YOU RECALL SAYING THIS?

11 A I DON'T KNOW IF I SAID I'M NOT A PARTNER OR NOT.

12 Q YOU JUST HAVE NO MEMORY OF THAT?

13 A I JUST DON'T REMEMBER THE EXACT WORDS, HOW I SAID IT. I
14 KNOW IT WAS CLEAR.

15 MR. STRATTON: FINE

16 Q (BY MR. GALVIN) TO THE BEST OF YOUR MEMORY, WHAT DID YOU
17 SAY?

18 MR. STRATTON: TO MR. HIGDON DURING THE TWO-HOUR MEETING?

19 MR. GALVIN: YES.

20 MR. STRATTON: THAT -- I OBJECT TO THE QUESTION.

21 A WELL, I TOLD HIM HOW I BOUGHT IT, WHAT I TOLD YOU GUYS
22 TODAY. I TOLD HIM THAT WAYNE ONCE WANTED TO SELL IT TO YALE. I TOLD HIM

1 ABOUT THAT. I TOLD HIM THAT HE ONCE WANTED TO SELL IT TO THE CHAIRMAN
2 OF FORD. THOSE WERE THE THREE TIMES THAT I KNEW HE WANTED TO - TO SELL
3 IT.

4 Q WELL, MAYBE TURNING NOW JUST A LITTLE BIT. WHAT DID YOU
5 TELL HIM - TELL MR. HIGDON WITH RESPECT TO YOUR ALLEGED OWNERSHIP OR
6 PARTNERSHIP INTEREST IN THE DOCUMENT?

7 A I TOLD HIM THAT I PLAYED A PASSIVE ROLE THAT I DID NOT GO
8 AND HAVE POSSESSION OF THE DOCUMENT. THAT I DID NOT GO AND BRING IT TO
9 AN EXPERT. THAT I DID NOT TRY TO SELL IT. THAT WAYNE RAN THE DEAL, AND
10 THAT I WAS A PASSIVE INVESTOR, JUST LIKE I WAS WITH ANY OF THE OTHER
11 THINGS. JUST LIKE IF I BOUGHT A HIGH-BOY, I WOULDN'T TELL WAYNE HOW TO
12 FIX THE HIGH-BOY UP. I'M - I - THAT'S NOT MY - THAT'S NOT MY FIELD OF
13 EXPERTISE

14 Q OKAY. BUT YOU - YOU FILED THE - FILED A VERIFIED STATEMENT
15 OF INTEREST IN THIS WHERE YOU TAKE THE POSITION THAT YOU HAVE AN
16 OWNERSHIP INTEREST IN IT?

17 MR. STRATTON: IS THAT A QUESTION?

18 A YES, THAT'S TRUE -

19 MR. STRATTON: OKAY.

20 A -AND IF YOU BROUGHT WAYNE PRATT IN HERE AND ASKED HIM,
21 HE'D TELL YOU I OWN HALF A DOCUMENT.

22 MR. STRATTON: JUST ANSWER THE QUESTION.

1 WITNESS: ALL RIGHT. I'M SORRY.

2 Q (BY MR. GALVIN) BEYOND THE THREE CONVERSATIONS THAT WE
3 HAVE GONE THROUGH, THE CONVERSATION WITH MARY BETH KEENE, THE
4 CONVERSATION WITH WAYNE PRATT, AND THE CONVERSATION WITH
5 MR. HIGDON, DO YOU RECALL DENYING EITHER AN OWNERSHIP INTEREST OR A
6 PARTNERSHIP INTEREST IN ANY OTHER CONVERSATION?

7 A I DON'T RECALL ANY OTHER CONVERSATIONS ABOUT IT.

8 Q I WANT TO TURN YOUR ATTENTION NOW TO THIS DOCUMENT
9 THAT YOU MENTIONED, THIS COMPUTER-GENERATED DOCUMENT THAT YOU
10 REFERRED TO DURING MR. NEWBY'S EXAMINATION.

11 A YES.

12 Q DO YOU REMEMBER THE - THAT HE ASKED YOU AND YOU CLAIMED
13 THAT THERE WAS THIS DOCUMENT -

14 A ABSOLUTELY.

15 Q OKAY.

16 A I DON'T HAVE A COPY, THOUGH.

17 Q AND DURING THAT EXAMINATION, YOU EXPLAINED WHAT
18 MR. PRATT WAS GETTING OUT OF THIS PROPOSED OPTION AGREEMENT. DO YOU
19 RECALL THAT?

20 A WAIT, I'M CONFUSED. ARE YOU TALKING ABOUT -

21 Q THE TESTIMONY TODAY, THE -

22 MR. STRATTON: THE - THE COMPUTER-GENERATED SHEET HAS GOT

NOTHING TO DO WITH OPTIONS.

A I DON'T HAVE A COMPUTER-GENERATED SHEET HERE

MR. STRATTON: THIS IS--

Q (BY MR. GALVIN) YOU TALKED ABOUT AN-- SOME SORT OF OPTION
AGREEMENT THAT YOU BELIEVE YOU HAVE

MR. STRATTON: THAT YOU NEGOTIATED--

A OH, OH, OH, OH, OH

MR. GALVIN: DO YOU HAVE AN OBJECTION? I MEAN--

MR. STRATTON: OKAY. GO AHEAD AND ANSWER IT.

A YES.

Q (BY MR. GALVIN) OKAY. LET'S FOCUS ON--

A I THOUGHT YOU WERE TALKING ABOUT THE OPTION HE WAS
TALKING ABOUT BEFORE

Q I WANT TO FOCUS ON THAT AGREEMENT. AND YOU TALKED
ABOUT WHAT WAYNE PRATT WAS GOING TO GET OUT OF THIS LEGAL FEES.

A UP TO A MILLION ONE--

Q OKAY.

A --BASIS AND LEGAL FEES.

Q WHAT ELSE WAS WAYNE PRATT GETTING OUT OF THIS?

A THE BASIS, WHATEVER HE PAID FOR THE DOCUMENT, WHATEVER
HE HAD IN, YOU KNOW, RESTORATION CHARGES, AND LEGAL FEES.

Q WHAT DO YOU MEAN BY BASIS?

CAROLYN Y. HALL & ASSOCIATES

1 A WELL, THE BASIS OF SOMETHING YOU BUY, THE BASIS, WHAT THE
2 COST IS, YOUR COST BASIS.

3 Q OKAY. SO IF THE DOCUMENT - JUST SO I UNDERSTAND, IF THE
4 DOCUMENT COST TWO HUNDRED THOUSAND DOLLARS (\$200,000.00), WAYNE
5 PRATT WOULD GET THE TWO HUNDRED THOUSAND DOLLARS (\$200,000.00)?

6 MR. STRATTON: IS THAT A HYPOTHETICAL?

7 A NO-

8 MR. STRATTON: OBJECTION.

9 A -THE DOCUMENT - NO WAYNE'S BASIS.

10 Q OKAY.

11 A I HAVE A HUNDRED THOUSAND. HE'S GOT A HUNDRED.

12 Q OKAY.

13 A AND HE'S GOT TWENTY-FIVE HUNDRED IN CLEANING

14 Q SO, WHAT WAYNE WOULD BE GETTING OUT IF THIS - JUST SO I
15 UNDERSTAND THIS - IS THE HUNDRED THOUSAND DOLLARS (\$100,000.00) THAT
16 HE PUT IN FOR HIS SHARE?

17 A YES, AND THE TWENTY-FIVE HUNDRED FOR CLEANING

18 Q AND - AND LEGAL FEES?

19 A UP TO A MILLION ONE

20 Q ANYTHING ELSE THAT WAYNE WAS GETTING OUT OF THIS?

21 A NO

22 Q WHAT WERE YOU GETTING OUT OF THIS?

1 A IT WAS AN OPTION TO PURCHASE FOR UP TO A MILLION ONE TO -
2 IF - BUT IT - REMEMBER, THE OPTION WAS NO GOOD IF THERE WAS ANYTHING - I
3 MEAN, I EMAILED YOU A COPY OF IT SO YOU KNOW WHAT IT SAID.

4 MR. STRATTON: WELL, YOU ARE - YOU'RE NOT ANSWERING THE
5 QUESTION. WHAT WAS YOUR BENEFIT WITHIN THE OPTION
6 AGREEMENT? WHAT WOULD YOU GET FROM MR. PRATT?

7 A I WOULD HELP WAYNE PAY HIS LEGAL FEES BECAUSE HE
8 APPARENTLY - THEY'RE RIDICULOUS.

9 MR. STRATTON: BUT WHAT WOULD YOU GET?

10 A WELL, IF THERE WAS NO CRIMINAL CASE AGAINST HIM, AND WE
11 EITHER DID A DEAL WHERE WE DONATED THE DOCUMENT AND THERE WAS A TAX
12 BENEFIT, I WOULD GET A TAX BENEFIT OUT OF IT.

13 Q (BY MR. GALVIN) WHAT WAS THIS TAX BENEFIT THAT YOU HOPED
14 TO GET OUT OF IT?

15 A IT WAS A WAY - WAYNE CAN'T USE THE LOSSES ON - IF THERE
16 WAS A WAY TO HAVE THIS SO IF AT THE END OF THE DAY THIS WAS DONATED TO
17 A NON-PROFIT -

18 Q OKAY.

19 A - THAT YOU AND I SPOKE ABOUT -

20 Q HOW -

21 A - IF IT WAS DONATED TO A NON-PROFIT, THAT I'D BE ABLE TO USE
22 THE DEDUCTIONS, AND WAYNE WOULD BE ABLE TO GET SOME MONEY OUT OF IT

TOPAY YOUR LEGAL FEES.

Q OKAY. SO, IF - HOW DID THIS - DID THIS AT ALL CHANGE SORT OF THE UNDERLYING OWNERSHIP INTEREST IN THE DOCUMENT, IN YOUR VIEW?

MR. STRATTON: IF YOU'RE ASKING MY CLIENT A LEGAL QUESTION, I OBJECT.

A I DON'T KNOW. I MEAN, I - WHAT DO YOU MEAN, THE UNDERLYING - WELL, I MEAN, I THINK IT WAS AN OPTION FOR FORTY-FIVE PERCENT. HE WAS GOING TO KEEP FIVE, UP TO A MILLION ONE. IT SPEAKS FOR ITSELF. I DON'T KNOW LEGALLY WHAT IT IS. I DON'T KNOW.

Q (BY MR. GALVIN) BUT MY BASIC QUESTION IS, WHY DID YOU WANT TO DO THIS?

A WELL, IT WAS TWOFOLD. IF WE WERE SUCCESSFUL WITH THE CIVIL SUIT, THE DOCUMENT, (A), COULD BE WORTH FORTY MILLION DOLLARS, OR, (B), WE COULD GET AN I.R.S. RULING AND HAVE A DEDUCTION FOR, I DON'T KNOW, FIVE MILLION TO FIFTEEN OR TWENTY, OR WHATEVER IT IS. SO, I WOULD BE ABLE TO HAVE DEDUCTIONS. IT WOULD GIVE WAYNE THE MONEY BECAUSE HE SAID HE OWED YOU FOUR OR FIVE HUNDRED THOUSAND DOLLARS, AND HE NEEDED SOME MONEY. AND I WAS TRYING TO - TWO THINGS. ONE, IT COULD HELP ME OUT AND, (B), IT COULD HELP HIM OUT.

Q AND JUST SO I UNDERSTAND, HELP YOU OUT ON THE - ON SORT OF TAX CONSEQUENCES OR TAX -

MR. STRATTON: OBJECTION. IT'S BEEN ASKED AND ANSWERED. IT'S

BEEN ASKED AND ANSWERED.

A YEAH, FOR TAX REASONS, TO BE ABLE TO GET A DEDUCTION.

Q (BY MR. GALVIN) OKAY. ANY - ANY OTHER BENEFIT TO YOU?

A I CAN'T THINK OF ANY.

Q OKAY.

MR. GALVIN: JUST ONE SECOND.

(THEREUPON, ATTORNEY REVIEWS NOTES.)

MR. GALVIN: I HAVE NO FURTHER QUESTIONS AT THIS TIME.

MR. STRATTON: JUST A FEW QUESTIONS, MR. MATTHEWS.

CROSS-EXAMINATION BY MR. STRATTON:

Q HAD THERE BEEN OTHER OCCASIONS WHERE YOU HAD JOINT
VENTURED WITH WAYNE PRATT IN THE PURCHASE OF ANTIQUES OR
ANTIQUITIES?

A YES.

Q MANY OTHER OCCASIONS?

A THREE TO SIX.

Q OKAY. AND IN - ON ALL THOSE OTHER OCCASIONS, WOULD THE
DEAL BE THAT YOU WOULD PUT UP FIFTY PERCENT OF THE VALUE AND - AND
MR. PRATT WOULD PUT UP FIFTY PERCENT OF THE VALUE OF THE PURCHASE?

A YES.

Q AND WAS IT THE - THE UNDERSTANDING BETWEEN BOTH OF YOU
THAT UPON THE SALE OF THE ITEM, MR. PRATT WOULD TAKE HIS COSTS IN

1 TERMS OF BROKERING THE DEAL AND EACH OF YOU WOULD TAKE FIFTY PERCENT
2 OF THE REMAINDER?

3 A YES, BUT HE USUALLY DIDN'T HAVE TO PAY A BROKERAGE FEE

4 Q OKAY. AND IN ALL THOSE DEALS, WOULD YOU ACTUALLY SIGN
5 PURCHASE AND SALE AGREEMENTS?

6 A NO

7 Q OKAY. IN ALL OF THOSE DEALS, WOULD YOU HAVE SOME
8 ADVANCE WARNING FROM MR. PRATT AS TO - OR ADVANCE NOTICE FROM
9 MR. PRATT AS TO WHAT THE PROBABLE SALE PRICE WOULD BE?

10 A HE PROBABLY TALKED ABOUT THE VALUE THAT HE THOUGHT IT
11 WAS WHEN HE BOUGHT IT. BUT HE DIDN'T CALL ME UP TO ASK ME, CAN I SELL A
12 HIGHBOY FOR A HUNDRED AND FIFTY THOUSAND DOLLARS (\$150,000.00) INSTEAD
13 OF A HUNDRED AND SIXTY THOUSAND DOLLARS (\$160,000.00) OR SOMETHING

14 Q AND IN THOSE - IN THOSE DEALS, DID YOU HAVE THE - WAS - IN
15 A - THE JOINT VENTURE BETWEEN YOU AND MR. PRATT, DID YOU HAVE THE
16 AUTHORITY TO - TO SAY, LOOK, I DON'T THINK THAT'S A FAIR PRICE, OR I DON'T
17 WANT TO PURCHASE THAT ITEM ANYMORE, OR TO BE ABLE TO PUT THAT - THAT
18 KIND INPUT?

19 A I REALLY DIDN'T HAVE A LOT OF INPUT. ON THE ANTIQUES, I
20 TRUSTED HIM BECAUSE HE WAS THE EXPERT ON IT.

21 Q OKAY. NOW, THIS CHECK, WHICH HAS BEEN MARKED AS
22 MATTHEWS EXHIBIT 2, THAT'S YOUR PERSONAL MONEY - DOES THAT REPRESENT

YOUR PERSONAL MONEY?

A YES.

Q OKAY. SO, THAT'S A - THAT'S A PERSONAL DRAW FOR THE
PURCHASE OF THE BILL OF RIGHTS IN YOUR-

MR NEWBY: OBJECTION. LEADING

Q (BY MR STRATTON) THAT'S A PERSONAL CHECK THAT
REPRESENTS A - THAT'S A - IT'S - IT'S - THIS CHECK REPRESENTS A DRAW OF
MONEY FROM THE COMPANY?

MR NEWBY: OBJECTION. LEADING

MR STRATTON: IS THERE SOMETHING AGAINST LEADING ON A
CROSS-EXAMINATION THAT I'M NOT AWARE OF?

MR NEWBY: IT'S YOUR WITNESS.

MR STRATTON: YEAH. THERE'S NO-

MR NEWBY: HE'S YOUR WITNESS.

MR STRATTON: HE'S YOUR WITNESS.

MR NEWBY: SAY IT DIFFERENT.

MR STRATTON: I UNDERSTAND.

MR NEWBY: I MEAN, YOU CAN RELY ON IT AND LET THE JUDGE RULE

MR STRATTON: OKAY, THAT'S FINE

Q (BY MR STRATTON) THE CHECK THAT WE SEE IN HERE,
PLAINTIFF'S EXHIBIT 2, WHAT DOES THIS REPRESENT?

A IT REPRESENTS THE ORIGINAL, WHAT I THOUGHT WAS THE

FIFTY PERCENT PURCHASE OF THE BILL OF RIGHTS. IT WAS PUT AS A - UNDER
MY DRAW ACCOUNT, PROBABLY ON ACCOUNT TO WAYNE PRATT FOR THIS ITEM.

Q SQ, DOES THAT REPRESENT THE USE OF YOUR PERSONAL FUNDS?

A YES, IT WAS A DRAW.

Q OKAY. NOW, DID YOU HAVE A FINANCIAL STAKE IN THE
DEFENDANT, THE BILL OF RIGHTS, PRIOR TO IT BEING SEIZED?

A OF COURSE I HAD A HUNDRED THOUSAND DOLLARS (\$100,000.00)
INVESTED.

Q DO YOU CONSIDER THAT A MINIMAL STAKE OR A SIGNIFICANT
FINANCIAL STAKE IN-

MR. NEWBY: OBJECTION.

Q -IN - FROM YOUR POINT OF VIEW?

MR. NEWBY: OBJECTION.

A WELL, FIVE YEARS AGO, A HUNDRED THOUSAND DOLLARS
(\$100,000.00) WAS - WAS LESS MONEY ALMOST THAN IT IS TODAY AFTER GOING
THROUGH THE DOT-COM STUFF. BUT IT'S A HUNDRED THOUSAND DOLLARS
(\$100,000.00). I MEAN, IT'S A - IT'S A LOT OF MONEY. IT'S NOT
FIFTY-NINE CENTS, BUT IT'S NOT A HUNDRED MILLION DOLLARS.

Q OKAY. SQ, IT REPRESENTS A SIGNIFICANT FINANCIAL STAKE?

MR. NEWBY: OBJECTION.

Q (BY MR. STRATTON) IS THAT FAIR TO SAY?

A IT - IT -

MR. NEWBY: OBJECTION. LEADING

A -IT REPRESENTS A HUNDRED THOUSAND DOLLARS (\$100,000.00),
WHICH IS A - IS A LOT OF MONEY-

Q OKAY.

A -BUT IT'S NOT A HUGE AMOUNT OF MONEY.

Q (BY MR. STRATTON) IF THE BILL OF RIGHTS IS FORFEITED, WILL
YOU LOSE ANYTHING?

A IF IT'S FORFEITED, I'LL LOSE MY HUNDRED THOUSAND DOLLARS
(\$100,000.00). AND IF IT ACTUALLY ENDED UP GETTING TITLE TO IT AND IT WAS
EVER PROVED IT WAS OURS, I COULD LOSE, AS THE PAPER'S SAYING, YOU KNOW,
IT'S PRICELESS. I DON'T KNOW WHAT IT'S REALLY WORTH IN THE REAL WORLD.
COULD BE THIRTY MILLION, TWENTY MILLION, FORTY MILLION. I HAVE NO IDEA.

Q AND HAVE YOU HIRED AN ATTORNEY TO REPRESENT YOU IN THIS
CASE?

A YES.

Q IN THE - IN THIS FORFEITURE CASE?

A YES.

Q AND HAVE YOU INSTRUCTED THAT ATTORNEY TO ZEALOUSLY
REPRESENT YOUR INTEREST? THERE'S A REASON FOR THESE QUESTIONS, BOB.
JUST ANSWER MY QUESTIONS.

A YES.

Q OKAY. AND DID YOU INTEND TO - TO FULLY ADJUDICATE THIS

MATTER SO THAT THE - BOTH SIDES - YOUR SIDE WILL BE - WILL BE PROPERLY REPRESENTED?

MR NEWBY: OBJECTION. THIS IS ALL OUTSIDE THE SCOPE OF DIRECT.

**Q (BY MR. STRATTON) UNDER THE ARTICLE 3, CASE IN
CONTROVERSY REQUIREMENT, ONE OF THE CONCERNS IS THAT A LITIGANT WILL
FULLY ADJUDICATE A MATTER - HAS ENOUGH INTEREST TO FULLY ADJUDICATE A
MATTER. DO YOU INTEND TO FULLY ADJUDICATE THIS MATTER AND - AND SEE IT
THROUGH TO A FAIR RESULT?**

A I WOULD HOPE SO, YES.

Q **OKAY.**

MR. STRATTON: NO OTHER QUESTIONS.

____ (THEREUPON, THE DEPOSITION
WAS CONCLUDED AT 5:02 P.M.)

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CAROLYN Y. HALL & ASSOCIATES

W A N T A D

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CAROLYN Y. HALL & ASSOCIATES

STATE OF CONNECTICUT

COUNTY OF _____

I, ROBERT VIRES MATTHEWS, HAVE READ THE FOREGOING TRANSCRIPT OF
MY DEPOSITION AND DO HEREBY CERTIFY THAT THE PRECEDING 101
PAGES CONSTITUTE A TRUE AND ACCURATE TRANSCRIPTION
OF MY TESTIMONY. MY SIGNATURE IS SUBJECT TO CORRECTIONS, IF
ANY, LISTED ON THE ATTACHED ERRATA SHEET.

ROBERT VIRES MATTHEWS

SWORN TO AND SUBSCRIBED

BEFORE ME, A NOTARY PUBLIC,

THIS THE ____ DAY OF SEPTEMBER,

2003.

NOTARY PUBLIC

CAROLYN Y. HALL & ASSOCIATES

CAROLYN Y. HALL & ASSOCIATES

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MY COMMISSION EXPIRES:

CAROLYN Y. HALL & ASSOCIATES

NORTH CAROLINA

WAKE COUNTY

CERTIFICATE

**I, CAROLYN Y. HALL, A NOTARY PUBLIC, DO HEREBY CERTIFY THAT THE
FOREGOING DEPOSITION OF ROBERT VIREN MATTHEWS, TAKEN BY KIMBERLY L.
CRAWFORD, A NOTARY PUBLIC, WAS REPORTED AND TRANSCRIBED UNDER MY
DIRECT SUPERVISION, AND THAT THE FOREGOING 101 PAGES CONSTITUTE A TRUE
AND ACCURATE TRANSCRIPTION OF THE TESTIMONY OF THE SAID DEPONENT.**

**I DO FURTHER CERTIFY THAT THE PERSONS WERE PRESENT AS STATED IN
THE CAPTION.**

**I DO FURTHER CERTIFY THAT I AM NOT OF COUNSEL FOR, OR IN THE
EMPLOYMENT OF EITHER OF THE PARTIES TO THIS ACTION, NOR AM I INTERESTED
IN THE RESULTS OF THIS ACTION.**

**IN WITNESS WHEREOF, I HAVE HERETO SUBSCRIBED MY NAME, THIS
THE 7TH DAY OF SEPTEMBER, 2003.**

**CAROLYN Y. HALL
CAROLYN Y. HALL & ASSOCIATES
2551 ALBEMARLE AVENUE
RALEIGH, NORTH CAROLINA 27610**

MY COMMISSION EXPIRES

FEBRUARY 28, 2006

CAROLYN Y. HALL & ASSOCIATES